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PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 523 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2010–2012

COMPRISING PERIOD
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7 February 2011

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2010]

SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 523**

FOURTEENTH VOLUME OF SESSION 2010-2012

House of Commons

Monday 7 February 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

EDUCATION

The Secretary of State was asked—

Sure Start

1. **Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): What estimate he has made of the number of Sure Start children's centres that will offer a full service in 2014-15. [38218]

The Minister of State, Department for Education (Sarah Teather): The Government have ensured that there is enough money in the system to maintain the network of Sure Start children's centres and have provided new investment for health visitors. Local authorities, in consultation with local communities, can determine the most effective way of delivering future services to meet local need. They have a duty to consult before opening, closing or significantly changing children's centres and to make sufficient provision.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): I thank the Minister for that answer, but in my local authority area, Tameside, the early intervention grant that funds Sure Start faces a cut of 12%. Does she agree that such a cut could be a false economy, because one of Sure Start's great benefits is that it saves the state further expenditure down the line by improving outcomes for young people through early intervention? What studies are her Department carrying out to estimate the likely future costs of cutting early intervention now?

Sarah Teather: We have provided a flexible grant because that is what local authorities said they wanted. Obviously, that includes money for Sure Start, but it also includes money for other things. Local authorities are the best people to make these decisions on the ground. Localism is the right way forward regardless of the circumstances, but when finances are tight there is a particular requirement on us to ensure that decisions are taken closest to where the impact is felt, because we are much more likely to get high-quality decisions in that way.

Damian Hinds (East Hampshire) (Con): Does my hon. Friend agree that the early years provision plays a vital part in social mobility? How many two-year-olds does she expect will benefit from the programme to extend that to disadvantaged children?

Sarah Teather: I absolutely agree that the early years play a vital role in social mobility, which is precisely why the Government have chosen to prioritise funding in this way. Tomorrow, we will debate the Second Reading of the Education Bill, whose first clause provides the enabling powers for us to regulate so that we can help an extra 130,000 two-year-olds to experience high-quality early education by the end of the spending period.

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): Does the Minister agree that there is an inherent contradiction in a policy that announces that the Government will protect the original local Sure Start programmes in the most deprived areas, which I was proud to develop from 1997, while, with the so-called "localism programme", saying, "It is entirely the fault of the local authorities," which have been denied the money to maintain those programmes in the first place?

Sarah Teather: The right hon. Gentleman is right to be proud of the Sure Start children's centres, which are an excellent programme. That is precisely why the

Government have made sure that the money is there in the early intervention grant, and why we have built on that by providing extra money for health visitors, through the Department of Health, and more money for things such as the family-nurse partnerships, which we know work on the ground and are often delivered through children's centres. I believe that localism is the right way forward. Good local councils are thinking creatively about, for example, how to ensure that they can cluster their centres and merge their back offices, and how to prioritise outcomes for children—it is outcomes that matter.

Andrew Bridgen (North West Leicestershire) (Con): Does my hon. Friend envisage opening up the assets of these underused children's centres to community groups to expand the big society?

Sarah Teather: In some areas, local authorities are very good at making full use of the assets, which are often fantastic buildings, but in other areas they are not as good. I hope that providing the flexible fund will mean that local authorities start to think more creatively about how they can join services together and perhaps provide support for older children. By providing that kind of flexibility we enable local authorities to make the right decisions for their areas.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): Recent research by the Daycare Trust and 4Children shows that, despite promises made by the Prime Minister and his deputy, 250 children's centres are expected to close within the year, with hundreds more at risk of closure or big cuts in the services they provide. Hundreds of thousands of parents across the country are deeply worried about this, but all we get from the Minister is glib indifference. I read this morning that the Secretary of State has announced that funding for music will be maintained, so, incidentally, the Government feel that that is worth ring-fencing whereas Sure Start is not. To paraphrase my right hon. Friend the Member for Birkenhead (Mr Field), does the Minister not think that parents deserve much more than having to listen to the Secretary of State playing his fiddle while Sure Start burns around him?

Sarah Teather: That was a long rant and I struggled slightly to find the question in it. The important thing to say about the survey that 4Children did is that it is about people's concerns and not about decisions that have been taken—decisions have not yet been taken. We are saying to local authorities that we want them to focus on outcomes for children and families. We are trying to encourage them to do that by holding back some money for payment by results and we are developing that scheme with the sector at the moment. Good local authorities that make sensible restructuring decisions will be able to benefit from that, but if they make decisions that jeopardise outcomes for children, they will not be able to benefit from it.

Discretionary Learner Support Fund

2. **David Wright** (Telford) (Lab): When he plans to inform colleges of the size of the discretionary learner support fund to replace the education maintenance allowance; and if he will make a statement. [38219]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): We plan to allocate the new funding replacing the education maintenance allowance in line with the usual timetable for overall funding allocations for schools and colleges, which will be made in the spring.

David Wright: The real concern is about transitional arrangements. Will the Minister explain what discussions he has had with colleges about the transitional arrangements, particularly for students who have already started their course and want to continue receiving funding support while they carry on with it?

Mr Hayes: The hon. Gentleman is right that transitional arrangements are important. We are in discussions with colleges and their representative bodies to ensure that there is not the kind of problem that he identifies. We are determined to allocate these resources in the way that addresses disadvantage most cost-effectively and ensures that the worse-off are not still worse off as a result of the changes.

Bob Russell (Colchester) (LD): The previous Labour Government left 3.9 million children living below the poverty line. Can the Minister give an assurance that when the children abandoned by Labour eventually arrive at further education colleges, they will all receive a discretionary learner support fund grant?

Mr Hayes: As I have said, we will ensure that those who are worse off are not disadvantaged by the system. Redistributing advantage and ensuring that there is a change in the prospects and opportunities for those who begin worse off is at the heart of all that this Government do. We are the champions of social justice—past, present and future.

Mr Iain Wright (Hartlepool) (Lab): In last month's debate on the education maintenance allowance, the Secretary of State pledged that any replacement scheme for EMA would cover the costs of transport and equipment and would support young people with special educational needs or learning disabilities as well as those with caring responsibilities, teenage parents and those who were eligible for free school meals when at school. Given that research from the House of Commons Library indicates that such pledges would have a first-year cost of £480 million and ongoing costs of £420 million a year, will the Minister confirm, on behalf of the Secretary of State, that this is the budget for EMA's successor and that he stands by the pledges he made to the House?

Mr Hayes: The hon. Gentleman is far too experienced as a Minister to expect me to make that kind of on-the-hoof promise. Equally, he knows that we are determined to amend this scheme to allow it to be targeted using the discretion to do the kind of things that he highlighted. After all, his own shadow Secretary of State has said:

"I have never set my face against changes or savings to the EMA scheme."—[*Official Report*, 19 January 2011; Vol. 521, c. 863.]

Teaching Standards

3. **John Stevenson** (Carlisle) (Con): What plans he has to raise standards of the teaching profession; and if he will make a statement. [38220]

The Secretary of State for Education (Michael Gove): There is nothing more important to a child's education than the quality of their teachers, which is why I set out plans to raise the status and standards of the teaching profession in the White Paper "The Importance of Teaching". We will focus on recruiting the best candidates to become teachers, we will improve their training and we will create more opportunities for all teachers to learn from the best.

John Stevenson: Will the Secretary of State reassure pupils and parents in my constituency of Carlisle that the quality of science and maths-based teaching will not suffer as the academies programme continues successfully to expand?

Michael Gove: I am delighted to be able to reassure my fellow Aberdonian that the quality of education that children in Carlisle enjoy will continue to improve. I have had the opportunity to visit some of the superb academy provision in his constituency. I know, and I am sure that every right hon. and hon. Member will be pleased to know, that we will guarantee an enhanced level of support for graduates who are scientists or mathematicians who wish to enter teaching in order to ensure that the subjects that will help to equip our children for the 21st century are given the boost they need.

Kevin Brennan (Cardiff West) (Lab): I know the Secretary of State will want to acknowledge that, thanks to Labour's reforms, we already have the best generation ever of teachers—that is according to Ofsted. He says in his White Paper that quality teacher training is vital, but he is allowing taxpayers' money to be used to employ unqualified individuals to teach children in his so-called free schools. If having well-qualified teachers is vital for some schoolchildren, why is it not essential for all?

Michael Gove: We are making sure that all children have access to improved quality of teaching by ensuring that we reform initial teacher training in a way that builds—yes—on some of the successes that we have seen in the past. We are also ensuring that new teaching schools are established. Many of these will be free schools and many higher education institutions, including the university of Cumbria, which is represented by my hon. Friend the Member for Carlisle (John Stevenson), are playing a role in helping to improve teacher training. Thanks to the expansion of Teach First, which the previous Government—yes—supported, but not as generously as we are doing, there are more talented teachers everywhere. I was delighted to be able to share a platform and a room with the hon. Member for Hartlepool (Mr Wright) on Friday, when we signalled that Teach First was expanding into the north-east of England, something that was never accomplished under the previous Government, but which, under this reforming and progressive Government—

Mr Speaker: Order. The Secretary of State will resume his seat. We are moving on to the next question.

Vocational Education

4. **Graham Evans** (Weaver Vale) (Con): What plans he has to improve vocational education; and if he will make a statement. [38221]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): The Government are keen to make significant improvements to vocational education, its organisation, funding and target audience—for example, through university technical colleges. Professor Alison Wolf has been commissioned to produce a report which will be published in spring 2011 and her findings will inform our determination to reinvigorate vocational education.

Graham Evans: How will the Government boost the number of apprentices and ensure that those who complete their training will get the status and recognition that they deserve?

Mr Hayes: It was Dr. Johnson who said that a lack of manual dexterity constitutes a form of ignorance. The Government are determined to boost the number of apprenticeships, which is why we have put in place funding for 75,000 more adult apprenticeships and 30,000 more apprenticeships for young people. Today, in *The Times*—I know you will have seen it, Mr Speaker; others may not have done—we have for the first time celebrated the achievements of those who achieved higher apprenticeships in 2010. This ensures that apprentices and all those who aspire to and achieve vocational qualifications get the status and recognition that they deserve.

Mr Speaker: I am grateful to the Minister.

Pat Glass (North West Durham) (Lab): Can the Minister tell the House what evidence—the operative word is "evidence"—supports his decision to limit the curriculum so severely and thereby exclude many thousands of young people from accessing the curriculum successfully?

Mr Hayes: The evidence is that we have commissioned a report on vocational learning, we have put in place funding for apprenticeships, and we are determined to ensure that the status of those vocational courses is maintained and grown. The evidence is simply the evidence of the Government's commitment and record so far in office. That is good enough for me. It should be good enough for the hon. Lady.

University Technical Colleges

5. **Andrew Selous** (South West Bedfordshire) (Con): What qualifications he expects to be required for pupils to gain entry to university technical colleges. [38222]

The Minister of State, Department for Education (Mr Nick Gibb): University technical colleges will be 14-to-19 institutions, with 14 being the normal age of entry. We do not expect pupils to be required to have any qualifications to gain entry to a university technical college.

Andrew Selous: I share the hope that university technical colleges will indeed bring poverty-busting structural change, and I look forward to the establishment of one in Houghton Regis in my constituency. I hope my hon. Friend can reassure me that university technical colleges will not seek to exclude those who are not predicted to get brilliant GCSEs, who may well have just the right attitude to shine in a university technical college.

Mr Gibb: I am happy to provide that reassurance, and to pay tribute to my hon. Friend for his active support for the central Bedfordshire UTC proposals. UTCs will be required to adopt fair and open admission arrangements. They will give priority to the same statutory groups as maintained schools, children with a statement of special educational needs and children in care, and they will not be able to require that children have reached certain levels of attainment or that they have specific qualifications in order to qualify for admission. UTCs are for young people of all abilities.

Mr Denis MacShane (Rotherham) (Lab): I welcome the proposal, because we have in this country almost a contempt for technical qualifications and for engineering. Turning that around will require giving orders to the professional organisations and increasing the role and status of people coming out of those courses. Perhaps we might have one or two members of the Cabinet who are thus qualified, even if their only engineering qualification is engineering their financial blind trust to hide where their money is.

Mr Gibb: The right hon. Gentleman is right to support this development. We intend to have 12 UTCs up and running by the end of the spending review period. He is also right to emphasise the importance of science, technology, engineering and maths, which the Government are committed to.

Mr Graham Stuart (Beverley and Holderness) (Con): I share my hon. Friend's enthusiasm for UTCs, but is he confident that the English baccalaureate will not have a cramping impact on the power of innovation in institutions such as UTCs, so that we can ensure the most appropriate education for all their pupils?

Mr Gibb: I am grateful to my hon. Friend for that question. The English baccalaureate is designed to leave ample time in the curriculum for other subjects, including vocational subjects. In the countries around the world that have the best technical education systems, core academic subjects are taught alongside, not instead of, technical or vocational subjects until their students reach the age of 15 or 16. Subjects such as modern languages are critical for the technical and vocational success of young people.

Children's Homes

6. **Ann Coffey** (Stockport) (Lab): What steps he plans to take to reduce the incidence of children going missing from children's homes. [38223]

The Parliamentary Under-Secretary of State for Education (Tim Loughton): All local authorities are required to have procedures and processes in place to minimise the risk of children in care going missing. In April, we will bring in revised national minimum standards for children's homes, which will strengthen the national guidance on this issue.

Ann Coffey: In Greater Manchester, more than half of all missing incidents involve children from children's homes. According to a recent Barnardo's report, many of those children are at risk from paedophile and criminal gangs. Will the Minister consider issuing statutory guidance to local safeguarding boards, asking them to monitor all incidents of children going missing and share that information with other agencies, such as Ofsted, so that action can be taken to reduce the number of children going missing and the risk to them?

Tim Loughton: The hon. Lady makes a good point and I pay tribute to her work as chair of the all-party group on runaway and missing children and adults. I am looking closely at the Barnardo's report with the Under-Secretary of State for the Home Department, my hon. Friend the Member for Old Bexley and Sidcup (James Brokenshire). This is a serious issue, but, without being complacent, I should say that the incidence of children running away from children's homes has been reducing over the past few years. The figures are calculated on the basis of those who are missing for more than 24 hours, but in fact most children return within 48 hours. It is something that I will continue to look at.

Music Education

7. **Diana Johnson** (Kingston upon Hull North) (Lab): What assessment he has made of the effect on music education in schools of reductions in his Department's funding for music services. [38224]

The Secretary of State for Education (Michael Gove): I am happy to inform the House that this morning we published Mr Darren Henley's review on music education, and I am hugely grateful to him for his in-depth consideration of the issues and for the realistic and practical measures he has put forward. Following that report, I can now confirm that funding for music education in 2011-12 will be the same as it was in 2010-11—£82.5 million. That is not a cut; it is a very good settlement for music services, which is consistent with our broader strategies for school autonomy and deficit reduction.

Diana Johnson: I, too, pay tribute to the work of Darren Henley, who has at heart the need to ensure that young people get a good music education. Labour's £332 million investment in school music helped children from poor and average backgrounds access good education in music. Will the Secretary of State confirm that the £82.5 million, although ring-fenced, is a real-terms cut? Local authorities are already slashing music services in their areas, so rather than blowing his own trumpet, should the Secretary of State not admit that this is really a cut, just like his cut to school sport?

Michael Gove: Once again, we have had a superb pun: we had trumpets from the Back Benches and fiddles from the Front Bench, but what a pity they are not singing from the same hymn sheet as Darren Henley, local authorities and all those who care about music. From Alfie Boe the tenor, to Julian Lloyd Webber the cello player, everyone in the world of music is saying that today is good news for all children who want to learn more about music, including your own, Mr Speaker.

Mr Speaker: I am very grateful.

Richard Fuller (Bedford) (Con): Bedfordshire Orchestral Society has an enviable record of promoting music in schools, but it is reliant on funding from two local

authorities. Even ahead of today's good news from the Secretary of State, Bedford borough council has committed funding, so will my right hon. Friend join me in encouraging Central Bedfordshire council to do likewise?

Michael Gove: When Central Bedfordshire council hears that my hon. Friend and I are both on the case, I am sure that it will be only too happy to join in and become as one in harmony with us both.

Toby Perkins (Chesterfield) (Lab): Once again, there is a chasm between rhetoric and reality: the big announcement is a cash freeze, which in real terms is a cut. It is another example of confused decision making. The right hon. Gentleman promises to increase access to music, but the cuts mean that 60% of schools, as surveyed by the National Association of Music Educators, are cutting music provision this year. Does he accept that, unless music is protected and ring-fenced not just for one year but into the future, all his rhetoric will lead to is less music provision in deprived areas?

Michael Gove: There is a huge chasm between rhetoric and reality: the chasm between the apocalyptic rhetoric that we heard from the Opposition Front Benchers and their sock puppets elsewhere, and the reality of increased funding for those areas that need it most, and new funding for the teach music first scheme, ensuring that some of our most talented musicians from leading music schools and conservatoires work in our most challenging schools to ensure that every child has an opportunity, which I, like the hon. Member for Kingston upon Hull North (Diana Johnson), believe should be extended to all. It is only under this Government, with this announcement on school music and our pupil premium, that we are at last ensuring that money goes to those children who need it most, instead of being wasted on the quangos and bureaucrats that characterised the past 13 wasted years.

Early Years Education

8. **Lorraine Fullbrook** (South Ribble) (Con): What steps he is taking to improve the quality of the work force in early years education. [38225]

The Minister of State, Department for Education (Sarah Teather): The Government are committed to taking steps to improve and invest in the quality of the early education and child care work force. We continue to invest in the work force by making funding available via the new early intervention grant, and by committing to fund the early years professional status and new leaders in early years programmes in 2011-12. We will publish proposals to support further improvement in the quality of the work force in the spring.

Lorraine Fullbrook: Last week, when opening the Hesketh Bank children's centre in my constituency, I saw at first hand how essential the excellent staff are in helping families and children in the local community. How will the new leaders programme and the early years professional status programme ensure that more talented and committed people work in early years education?

Sarah Teather: I am very pleased to hear about the excellent work of the children's centre staff in Hesketh Bank. The two programmes to which my hon. Friend refers will focus specifically on professionalism in the early years work force. The early years professional status programme enables people who already work in the sector to have their experience acknowledged, their skills refreshed and their learning updated. The new leaders programme is based around the Teach First and Teach Next programmes and designed specifically to bring into the early years work force talented people, with the potential to be great leaders, who might not otherwise have thought about working in the sector.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): The Minister will be aware of several distressing cases recently of children in early years care being abused by staff. Will she commit, as part of that development, to ensure greater child protection training for early years workers, so that they not only know what is happening to children in the home, but can construct working practices that ensure such abuse cannot take place in the future?

Sarah Teather: I am grateful to the hon. Lady for raising that matter, which has been very distressing to follow. She will be aware that no prosecutions have yet taken place, but I have asked Dame Clare Tickell to undertake a review for the Government of the early years foundation stage, and one of the things she is looking at is child protection and welfare.

Religious Education

9. **Caroline Nokes** (Romsey and Southampton North) (Con): Whether he plans to include religious education in the humanities section of the English baccalaureate. [38226]

The Secretary of State for Education (Michael Gove): Religious education did not count towards the humanities element of the English baccalaureate in the 2010 performance tables, because it is already a compulsory subject. One intention of the English baccalaureate is to encourage wider take-up of geography and history in addition to, rather than instead of, compulsory RE.

Caroline Nokes: I thank the Secretary of State for that response, but does he think that the exclusion of religious education from the English baccalaureate might dramatically reduce the number of students studying the RE full course at GCSE and have a knock-on and detrimental effect on the number of candidates for religious education teacher training?

Michael Gove: I am very grateful to my hon. Friend for making her point. We all recognise that high-quality religious education is a characteristic of the very best schools—faith schools and non-faith schools. However, the decision to include geography and history in the humanities section of the English baccalaureate will mean that those subjects, which have seen a decline in the number of students pursuing them, will at last see an increase, alongside modern foreign languages. As the Minister of State, Department for Education, my hon. Friend the Member for Bognor Regis and Littlehampton (Mr Gibb) pointed out, the English baccalaureate is intended to be a suite of core academic qualifications, which every child can be expected to follow alongside other qualifications, whether vocational, RE or others.

Andy Burnham (Leigh) (Lab): Can the Secretary of State tell the House on what research or evidence he has based his selection of subjects in the new English baccalaureate?

Michael Gove: Yes. The research and evidence that I undertook was to look at what the highest performing education jurisdictions do. When the OECD published its table on how our country had been doing in education over the past 10 years, I was struck to see that under Labour's stewardship we had slipped in the international league tables for English, for mathematics and for science. I was also struck by the fact that the numbers of students studying modern foreign languages, history and geography were declining. I was particularly struck by the fact that only last week the Russell group said that these are the subjects which the best universities expect of students if they are to go on and prosper and achieve the level of social mobility that sadly eluded us when the right hon. Gentleman was in government.

Andy Burnham: The Secretary of State mentions the OECD, so let me quote from last year's PISA—programme for international student assessment—report, which says:

"Most successful school systems grant greater autonomy to individual schools to design curricula and assessment policies".

That is in direct contradiction to what he has just said. I support the right of every child to take these five GCSEs, but it is a narrow selection, and not right for everybody, and the way in which he has introduced it is restricting student choice right now. Many feel that it is not a fair way to judge all children and all schools, suggesting that some are second best. So is he really saying to young people and employers today that dead languages are more important than business studies, engineering, information and communications technology, music and RE? Will he not listen to the call from the Chair of the Select Committee, made just a few moments ago, to allow a broader and more flexible English baccalaureate?

Mr Speaker: Order. I am sorry, but these questions are becoming excessively long. I hope that we can have a pithy response, and I am sure we will, from the Secretary of State.

Michael Gove: I am surprised that the right hon. Gentleman has the brass neck to quote the PISA figures when they show that on his watch the standard of education which was offered to young people in this country declined relative to our international competitors. Literacy, down; numeracy, down; science, down: fail, fail, fail. I am surprised that he has the brass neck to stand here and to say that working-class children should not study modern foreign languages, should not study science, should not study history and should not study geography. If it is good enough for the likes of him, why should it not be good enough for working-class children elsewhere? Why is he pulling up the drawbridge on social mobility? Why is he saying that they are only fit to be hewers of wood and drawers of water rather than university graduates like you and me, Mr Speaker? Rank hypocrisy!

Paul Maynard (Blackpool North and Cleveleys) (Con): While I entirely accept the Secretary of State's point that RE is compulsory, it is not obligatory to sit the GCSE. Does he agree that the very many faith schools where RE is compulsory are thereby penalised in the calculation of their English baccalaureate achievement?

Michael Gove: I appreciate the care with which my hon. Friend puts his question. I also appreciate the fact that he has been a very strong advocate for faith schools in his own constituency, including St Mary's, whose cause he has championed with particular eloquence. Many schools will want to offer RE as a GCSE, and indeed we would encourage them to do so, but the core element of the English baccalaureate relates to five subjects which we believe are the essential academic knowledge that students should be able to master. The news from the Russell group of universities last week that the subjects that we have chosen for the English baccalaureate are the subjects that they expect students to have if they are to go on to leading universities ensures that there is an appropriate match between schools and universities in advancing social mobility rather than seeing it decline, as happened over the past 13 years.

Youth Services

10. **Nick Smith** (Blaenau Gwent) (Lab): What steps he is taking to ensure the provision of good quality youth services. [38227]

The Parliamentary Under-Secretary of State for Education (Tim Loughton): I should point out that the Department for Education does not have responsibility for the provision of youth services in Wales. However, we are working to modernise and improve the quality of services for young people in England with our stakeholders, including, of course, young people themselves. The early intervention grant is providing more than £2 billion per annum to local authorities' funding for early intervention services, including for young people. We secured £134 million in capital funding for the remaining myplace projects. The Government are also launching the national citizen service programme, which over time will offer all 16-year-olds a shared opportunity for personal and social development, community service and engagement.

Nick Smith: Youth services around the country are anticipating crisis as councils are forced to pass on savage cuts, and the Government seem unwilling to protect these vital services. Will the Minister confirm that the youth service, which provides services week in, week out, has a distinct and specialist role and will not be replaced by the national citizen service programme?

Tim Loughton: I agree with the hon. Gentleman about the importance of good quality youth services, particularly those that are focused on the people who will get the most from them. To reiterate the point made by the Minister of State, my hon. Friend the Member for Brent Central (Sarah Teather), it is the duty of local authorities to chose how best to spend their funds. National citizen service funding is a separate funding stream that was negotiated with the Treasury, and it does not impact on the funding for youth services from the Department for Education.

Schools (Loughborough)

11. **Nicky Morgan** (Loughborough) (Con): What recent assessment he has made of school standards in Loughborough constituency. [38228]

The Minister of State, Department for Education (Mr Nick Gibb): In 2010, at key stage 2, 72% of pupils in Loughborough achieved level 4 or above in English and maths combined, compared with 73% in England as a whole. In 2010, at key stage 4, 56% of pupils in maintained schools in Loughborough achieved five or more GCSEs at grade A* to C, including English and maths, compared with 55% in maintained schools in England as a whole.

Nicky Morgan: I thank the Minister for that reply. The GCSE results in Loughborough for the past few years have consistently been below the English average. Locally, many people attribute that to the fact that pupils change school at 14 in Leicestershire, which unsettles pupils and is difficult for teachers. Is he aware that many people in my constituency would like that system to change? Will the Department listen to head teachers on that issue?

Mr Gibb: I pay tribute to my hon. Friend's work in Loughborough. When she and I visited Humphrey Perkins high school and Loughborough Church of England primary school together before the election, it was clear that she was passionate about education and raising standards. I know that there is a widely held view in Loughborough that changing school at 14 can have a negative impact on GCSE results at 16. Improving standards must be the driver for local restructuring. I know that that is my hon. Friend's rationale for seeking to change the system in Loughborough. Lord Hill has a meeting with her and some teachers from Loughborough tomorrow—I mean literally tomorrow, not the parliamentary tomorrow—and I know that he will be keen to explore these issues in as helpful a way as possible.

Core Subjects

12. **Richard Harrington** (Watford) (Con): What steps he plans to take to strengthen the teaching of core subjects in schools. [38229]

The Minister of State, Department for Education (Mr Nick Gibb): The White Paper "The Importance of Teaching" emphasises the importance of high quality teaching in the core subjects. We are introducing the English baccalaureate, which recognises achievement in the core subjects of English, maths, science, a humanity and a foreign language. It is intended to ensure that children receive a broad and balanced education, with time in the curriculum for vocational and creative subjects. We are taking steps to strengthen the teaching of reading through the use of systematic synthetic phonics.

Richard Harrington: I am sure the Minister is aware that in 2009, fewer than one in 25 children who were on free school meals took chemistry or physics, one in five took history, and fewer than 15% took geography or French. What plans does he have to ensure that children from poorer backgrounds get access to a proper academic education?

Mr Gibb: I share my hon. Friend's concern. That is why we have introduced the English baccalaureate. We are concerned that the number of pupils who currently receive a broad education in core academic subjects is far too small. That is particularly the case for pupils in disadvantaged areas. The English baccalaureate is designed to recognise the success of pupils who gain GCSEs or International GCSEs at grades A* to C across a core of academic subjects: English, maths, a humanity, the sciences and a language. We want to encourage more people to study those core subjects and to give all pupils the opportunity to study them, regardless of the school.

Kelvin Hopkins (Luton North) (Lab): Many youngsters achieve good grades in GCSE maths without ever having studied algebra. That puts them at a disadvantage when they want to pursue mathematics beyond GCSE. Should algebra not be a vital part of GCSE maths?

Mr Gibb: Yet again, the hon. Gentleman says something with which I wholeheartedly agree. He is passionate about raising standards in our schools, as are we. That is why we recently announced the setting up of a review of the national curriculum. An expert advisory panel of head teachers from around the country will consider English, maths and science as the first part of the review.

Special Educational Needs

13. **Stuart Andrew** (Pudsey) (Con): How many applications his Department has received to establish free schools for children with special educational needs. [38230]

The Secretary of State for Education (Michael Gove): My Department has received a number of proposals from groups and individuals interested in establishing free schools wholly or mainly catering for children with special educational needs. We have received more than 240 applications overall.

Stuart Andrew: It has been a pleasure of mine to work with two groups that are hoping to take advantage of the policy. One of them, the Lighthouse project in Leeds, this weekend submitted an excellent application to open a school for young people suffering with autism spectrum disorders. It is eager to do so in the autumn, but after what it has heard from the Department, it is concerned that there may be some delays. It does not want to lose momentum. Will my right hon. Friend agree to meet me and representatives of that organisation to see what we can do to progress the application?

Michael Gove: I would be delighted to meet my hon. Friend and the Lighthouse group. I have to stress that it is important to ensure that all the issues surrounding the establishment of any new school are successfully navigated. Opening any free school in September 2011 is a challenging timetable. Under the last Government it would take between five and 10 years for a new school to open, so it is remarkable that so many may open within a year. I will look closely at the matter, but I suspect that given the complexity of some of the issues involved we may not be able to open in September 2011. However, let us discuss it and ensure that we can support—

Mr Speaker: Order. May I gently ask the Secretary of State to face the Chamber, so that I can be the full beneficiary of his eloquence?

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Will the Secretary of State bear in mind the fact that successful special educational needs provision depends very much on integration with other schools? That was the finding of the former Select Committee on Children, Schools and Families. We very much support good SEN provision, but it must be integrated with the local schools that take other kinds of children.

Michael Gove: I absolutely recognise that when we are talking about children with special educational needs, there is such a broad and complex spectrum that one solution will not fit all children. I had the opportunity to visit Redcar community college on Thursday, and I saw there an imaginative proposal to co-locate Kirkleatham Hall special school with that college. That seems to be the right solution there, but different solutions will apply elsewhere. I am very grateful to the hon. Member for Redcar (Ian Swales) for his impassioned advocacy of those two schools.

Dan Rogerson (North Cornwall) (LD): Further to the Secretary of State's answer, is he open to suggestions for replacing provision offered by pupil referral units in some parts of the country? Outcomes at such units are variable across the country.

Michael Gove: My hon. Friend makes a very good point, and one thing that the Education Bill will do is make it easier to ensure that we can have high-quality provision for students who are excluded for whatever reason.

Home-to-school Travel

14. **Mrs Mary Glindon** (North Tyneside) (Lab): Whom his Department plans to consult in its review of home-to-school travel; and when that review will be completed. [38231]

The Secretary of State for Education (Michael Gove): My Department is reviewing home-to-school transport policy, which has remained largely unchanged since the Education Act 1944, when the social, economic and education landscape was very different. As part of our review, we are considering how best practice can be spread to all local authorities. We will make further announcements in due course.

Mrs Glindon: North Tyneside's Tory-led council is currently reviewing its home-to-school travel policy to include a proposal to stop free and subsidised travel for children who travel more than 3 miles to school. As that will affect more than 400 pupils who travel from across the borough to St Thomas More RC high school, which is the only faith school in North Tyneside, will the Secretary of State please make a statement to support my constituents and their children against that unfair proposal?

Michael Gove: I am very grateful to the hon. Lady for raising that issue. It is important that we support the exercising of school choice, and that we support faith schools and the great schools of North Tyneside, such as Whitley Bay high school, whose headmaster I had the opportunity to talk to on Thursday when I visited the north-east. I will look into the specific situation that the hon. Lady mentioned, but of course one thing that all local authorities are dealing with is the drastic economic inheritance bequeathed by the last Labour Government.

Miss Anne McIntosh (Thirsk and Malton) (Con): Will the Secretary of State, who I know is a friend of North Yorkshire and a frequent visitor, look carefully at the proposals that North Yorkshire county council is coming up with for a similar review, bearing in mind that the distances that children have to travel cannot be covered by anything other than either bus or car?

Michael Gove: I am very well aware of the specific challenges that North Yorkshire has in helping to ensure that children can exercise school choice and go to the most appropriate local school. I know that it is one of the most successful local authorities in terms of both value for money and school performance, so I look forward to working with my hon. Friend and the local authority to come to the right outcome.

School Discipline

15. **Mr Philip Hollobone** (Kettering) (Con): What steps he is taking to improve school discipline in (a) Kettering constituency, (b) Northamptonshire and (c) England. [38232]

The Minister of State, Department for Education (Mr Nick Gibb): Raising standards of behaviour in our schools is a key priority for the coalition Government. It goes to the root of how we raise standards, and it lies at the heart of our determination to close the attainment gap between those from poor and wealthier backgrounds. The Education Bill, which we will debate tomorrow, sets out reforms to tackle poor behaviour, making it easier to impose no-notice detentions, extending search powers for items that disrupt teachers and making it easier for heads to expel violent and persistently disruptive pupils.

Mr Hollobone: Will my hon. Friend ensure that, under this Government, badly behaved pupils who do not want to learn cannot damage the education of hard-working pupils who do?

Mr Gibb: My hon. Friend makes a good point. It is not just the rights of the pupils who disrupt the class that are important—although they are—but those of the overwhelming majority of students in class, which we must also protect.

Education Maintenance Allowance

16. **Hugh Bayley** (York Central) (Lab): What estimate he has made of the savings to accrue from terminating education maintenance allowance payments in September 2011 for students who are already part of the way through a two-year programme of study. [38233]

The Secretary of State for Education (Michael Gove): The cost of continuing to pay EMA from September 2011 for a further year to all students currently receiving it is estimated at £300 million, excluding the costs of administration.

Hugh Bayley: York college tells me that, last September, on the Secretary of State's watch, 650 students started two-year courses in the expectation of getting an education maintenance allowance for two years. To continue it would cost less than £500,000. Will the right hon. Gentleman reconsider?

Michael Gove: I am very grateful for the moderate and considered way in which the hon. Gentleman puts his point—I know how passionate he is about further education. *[Interruption.]*

Mr Speaker: Order. Hon. Gentlemen should not yell from a sedentary position. I want to hear the Secretary of State's answer, and I hope that the House does, too.

Michael Gove: Thank you, Mr Speaker. It is ironic that we were just discussing poor behaviour and people in class disrupting those who want to learn. I am keen to work with the hon. Member for York Central (Hugh Bayley), and college principals in particular, to ensure that our new, enhanced learner support fund can help all those vulnerable young people who need support to stay in education and learning.

George Eustice (Camborne and Redruth) (Con): When the Secretary of State assesses the size of the discretionary learner support to be made available to each college, will he consider at least making one of the criteria the number of second-year students who currently receive EMA, to assist colleges and students in the transition to the new system?

Michael Gove: That is a constructive suggestion, which I will consider as part of the review.

Topical Questions

T1. [38243] **Mr Andy Slaughter** (Hammersmith) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Education (Michael Gove): I am pleased to announce that, on 1 February, more than another 30 schools converted to academy status, meaning that there are now more than 440 academies. Tomorrow we will debate the Education Bill, which will give all Members an opportunity to consider the further advance of the movement, which gives all head teachers more autonomy, and promises all children the raising of standards. The Education Bill will also provide all Members with an opportunity to vote for measures that will ensure better discipline and higher standards in every school.

Mr Slaughter: The Schools Minister, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb), is fond of saying that there is adequate money in the early intervention grant to fund the network of children's centres. An education authority such as Hammersmith and Fulham is cutting by half in one year the children's centre budget, closing nine out of 15 centres, including phase 1 centres in deprived areas, and sacking 50 staff—does that give the Secretary of State and the Minister pause for thought? If so, what will they do about education authorities that are wrecking children's centres?

The Minister of State, Department for Education (Sarah Teather): The hon. Gentleman has expressed his concern to me about the position in his area, and we discussed it last week. I will say what I said in answer to other hon. Members: good local authorities are restructuring with care, and looking at methods of clustering centres to merge back-office functions, because they know that that is the way to benefit from the Government's work on payment by results.

T3. [38245] **Andrew Selous** (South West Bedfordshire) (Con): One of my local head teachers said to me last year that it can take up to a year to move a teacher who is not up to their particular responsibilities. Given that that could be a critical year for the children concerned, what steps can my right hon. Friend take to speed up that process?

Michael Gove: No one is served when people who should not be in the classroom continue there. It increases the burden on other professionals and deprives children of the highest quality education. We are reviewing the professional standards for all teachers to make it easier for head teachers to ensure that staff who underperform are given the support that they need to improve or to move on.

T6. [38248] **Mr Dave Watts** (St Helens North) (Lab): Given that the cuts in EMA will affect more than 2,600 low-paid families in my constituency, is the Minister not ashamed of that policy? What will he do to increase the top-up learner funds to help at least some of those families?

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I have made it clear that we are absolutely determined to ensure that the worst-off are not disadvantaged by the new arrangements. However, I believe that there is a strong case for greater discretion to target some of things that Opposition Front Benchers identified as salient in helping people to achieve their best.

T4. [38246] **Mr Christopher Chope** (Christchurch) (Con): Does my right hon. Friend agree that one way of getting more capital into free schools would be to enable them to obtain it on the open market by allowing them the freedom to make a profit, as they can in Sweden? When will my right hon. Friend have the courage of his convictions and enable free schools to have the same freedoms as they have in Sweden?

Michael Gove: It is always a pleasure to hear the radical proposals of my hon. Friend, whose stewardship of money when he was a councillor in Wandsworth and a Minister in a previous Conservative Government is a model to all. I shall look carefully at the case he makes, but the one thing that is clear is that we already know that our programme ensures that more new school places are being provided more cheaply than was the case under the previous Labour Government.

T7. [38249] **Alison McGovern** (Wirral South) (Lab): Today is the first day of national apprenticeships week. We know that one of the most significant barriers to young people taking up apprenticeships is getting the right advice at school. In fact, there is now a confused

situation, because the Government want to end Connexions and introduce an all-age service. Will the Minister explain what extra funds will be available to schools to procure advice for young people?

Mr Hayes: The hon. Lady is right to champion apprenticeships week. Indeed, she has personally championed apprenticeships in her constituency, and she knows that the Government are having ongoing discussions to see how we can help with that. It is critical that people get good, empirical, independent advice and guidance on vocational options such as apprenticeships. In the Education Bill, which the House is about to consider, we will make it a duty for schools to secure that independent, impartial advice on vocational learning.

T5. [38247] **Dr Julian Huppert** (Cambridge) (LD): Cambridgeshire gets less school funding per pupil than almost anywhere in the country. If we received the per pupil average across England, we would have some £34 million more for education. Can the Secretary of State explain why pupils in Cambridgeshire deserve so much less money, and will he review that?

Michael Gove: They deserve to be treated like every other student. We are reviewing funding and will be publishing a paper in the spring to try to ensure greater equity in the allocation of schools funding.

Bill Esterson (Sefton Central) (Lab): All 19 of the children's centres in Sefton are under review. Does the Minister stand by her statement that local authorities have a legal duty to maintain a sufficient network of children's centres? If she does, how many of Sefton council's 19 children's centres should it keep open to meet those legal duties?

Sarah Teather: The hon. Gentleman and I discussed this matter in detail when he introduced an Adjournment debate last week. I stand by my statement. Similarly, the council has a legal duty to consult before closing, opening or restructuring in its area. I am sure that it is in the middle of that consultation at the moment, and that parents will make their views very clear.

T8. [38250] **Mr John Leech** (Manchester, Withington) (LD): Can the Secretary of State assure me that changes to education maintenance allowance will not leave college students disadvantaged compared with school sixth-formers, who will still be entitled to free school meals?

Michael Gove: That point is well made by my hon. Friend. We have an anomaly at the moment, whereby the position of those in colleges and those in schools is not the same. The whole thrust of our policy making has been to try to ensure a level playing field between schools and colleges. The point he makes with respect to EMA weighs heavily with my colleagues and me.

Mrs Jenny Chapman (Darlington) (Lab): Staff at the Independent Safeguarding Authority in Darlington learned from *The Daily Telegraph* on Saturday that the vetting and barring scheme is to be significantly scaled back. What conversations has the Secretary of State had with the Home Secretary about the reduction of that scheme, which is likely to affect child protection?

Michael Gove: I had the opportunity to visit the hon. Lady's constituency on Thursday, when I spoke to staff at Mowden Hall, the Department for Education headquarters in Darlington. I am pleased to say that I am the first Secretary of State to visit Darlington and Mowden Hall since the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett), which is indicative of this Government's commitment to the north-east, which was sadly not shared by the previous Administration.

A response to the Government's review of vetting and barring will be made. The House will be informed of the details first. The one thing that we know is that the bureaucratic burden on the voluntary sector will be lifted. We will not only have a more proportionate system, but more children will be kept safe. Above all, we will ensure that volunteers and those who do so much to help in our society are given the trust that they need in order to carry on doing the wonderful work that they do.

T9. [38251] **Michael Fallon** (Sevenoaks) (Con): Will Ministers be prepared to look again at the rather puzzling exclusion of classical civilisation from the list of humanities scored in the English baccalaureate? Is classical civilisation not a humanity?

Michael Gove: I am tempted to reply, "Timeo danaos et dona ferentes," which, broadly translated, means, "Beware of geeks bearing gifts." However, my hon. Friend is an impassioned champion of both Latin and Greek and the wider application of the classics in state schools. Latin is now on offer in more state schools than independent, fee-paying schools, and Latin and Greek are included in the English baccalaureate, along with modern foreign languages. His impassioned advocacy of classical civilisation certainly weighs with me.

Joan Ruddock (Lewisham, Deptford) (Lab): I recently met some of the 229 students at Lewisham college in receipt of education maintenance allowance who told me that they had spent hundreds of pounds on equipment, IT and books. The Minister knows that there is a difference between the aspiration to be at college and sustaining attendance over a two-year period. Will he guarantee that no student in that situation will be forced to discontinue their second year because of lack of financial assistance?

Mr Hayes: The right hon. Lady is a champion of Lewisham college, which I have visited twice—I have laid bricks at Lewisham college, by the way, although not with any great skill. I can assure her that the places of college students, as my right hon. Friend the Secretary of State has made clear, will not be put at risk by changes we make, and we will certainly take full account of representations from her and others on that point.

T10. [38252] **Mark Menzies** (Fylde) (Con): When will the Minister announce further details of the learner support fund, including the amounts and time scales of such support to colleges across the country?

Mr Hayes: My hon. Friend makes a strong case for colleges. Perhaps it is time that I put on record the fact that this Government believe that further education colleges are the unheralded triumph of the English

education system. Furthermore, we will continue to give them greater discretion, greater opportunity and greater freedoms in order to allow those with the tastes and talents to pursue vocational and other kinds of learning to fulfil their potential.

Mr Dennis Skinner (Bolsover) (Lab): Has the Secretary of State had a look at the letter from the headmaster of Tibshelf school explaining the difficulties of having to deal with the split school site in Bolsover and North East Derbyshire? Has he also received a letter from the Derby building company Tomlinson and Sons which expected to build the school, or does he have the same disease as the Deputy Prime Minister and stop dealing with his Red Box after 3 o'clock?

Michael Gove: I am grateful for that well-crafted question from the eloquent, grammar-school-educated Member for Bolsover. I am well aware that Derbyshire county council, under many years of Labour rule, did not secure value for money for the taxpayer. I am pleased that the incredibly wasteful Building Schools for the Future scheme is being replaced with a more effective way of ensuring that money goes to the front line, and I look forward in due course to visiting Bolsover and North East Derbyshire with him and the hon. Member for North East Derbyshire (Natascha Engel) in order to salute what a coalition Government are doing for a generation betrayed by Labour.

George Freeman (Mid Norfolk) (Con): I know that the Secretary of State is a strong supporter of our state boarding schools, such as Wymondham college in my constituency, which is doing excellent work pioneering special needs and academy schooling in the area. As he may know, Wymondham college was recently awarded academy status in order to pursue that work. Today, however, I received a letter from the college saying that the decision has been inexplicably reversed by officials in his Department. Will he agree to meet me and a delegation of Norfolk MPs to discuss the matter?

Michael Gove: I have to confess myself perplexed by what my hon. Friend tells me, but of course I would be delighted to meet him. I know what impassioned advocates he and my hon. Friend the Member for South West Norfolk (Elizabeth Truss) have been for Wymondham college.

Natascha Engel (North East Derbyshire) (Lab): Children, parents and their teachers were delighted last month that the Government changed their minds about scrapping school sport partnerships. Unfortunately, however, the Secretary of State forgot to reinstate the money for them. I know that he is a very busy man and it was just an oversight, but will he take this opportunity to reassure the House that he will give school sport partnerships their money back?

Michael Gove: I am overjoyed that in all my meetings with Baroness Campbell, the head of the Youth Sport Trust, since the announcement, she has expressed her delight that the funding that we have made available will be sufficient to ensure that the good work continues. I am reassured by her enthusiasm for this proposal, and I hope that the hon. Lady will be reassured too.

Simon Hughes (Bermondsey and Old Southwark) (LD): As Ministers review policy for young people and the youth services, will they ensure that they engage with local authorities, young people themselves and the voluntary sector to ensure that no local authority withdraws youth services where, with a bit of imagination, alternatives are available?

The Parliamentary Under-Secretary of State for Education (Tim Loughton): My right hon. Friend makes a very good point about the importance of youth services, particularly of local authorities speaking to the people for whom those youth services are intended—young people. Not only has my Department set up a group from the voluntary sector dealing with youth issues, but a group of young people representing many of those organisations will be meeting me shortly to discuss the impact of the current situation on the charities and services in their areas.

Ms Karen Buck (Westminster North) (Lab): The Minister responsible for children's centres repeats the claim that good local authorities will merge their back-room functions and protect front-line services. Flagship Conservative council Westminster is merging back-room functions with Hammersmith, yet we expect children's centres to face a significant reduction in staff, in the range of services and in outreach facilities, which are anticipated to fall by 40%. Is Westminster a good council?

Sarah Teather: I repeat that we are encouraging local authorities to focus in particular on outcomes, rather than on inputs. That is why we are beginning the process of payment by results. Local authorities will need to ensure that their services are structured in such a way that they improve outcomes for the most vulnerable children and families, otherwise they will not benefit.

Margot James (Stourbridge) (Con): Will my right hon. Friend investigate the activities of the Anti Academies Alliance, which is threatening a series of political strikes against any school seeking academy status?

Michael Gove: I am grateful to my hon. Friend for drawing the House's attention to the activities of the Anti Academies Alliance, a group that is sponsored by, among others, the Socialist Workers party. There are a number of politically motivated strikes that some have been contemplating. I hope that Members in every part of the House will condemn any politically motivated strike action that makes children a political plaything. I also look forward to hearing from the Opposition Front Bench a clear and unequivocal condemnation of such activity.

EU Council and North Africa

3.31 pm

The Prime Minister (Mr David Cameron): With permission, Mr Speaker, I should like to make a statement on last week's European Council and comment on today's review by the Cabinet Secretary of the papers relating to the release of Abdelbaset al-Megrahi, which were published at 1pm today.

The Council discussed three principal issues: first, the continuing efforts to tackle instability in the eurozone; secondly, the role of energy and innovation in delivering a comprehensive growth strategy for the EU; and, thirdly, the situation in Egypt. Let me take each in turn.

Eurozone members are quite rightly looking at ways to resolve some of the underlying problems of the euro crisis, including by strengthening economic co-ordination arrangements. My job is to protect and promote Britain's interests. As I have said before, it is in our interests that the eurozone sorts out its problems. A strong and stable eurozone is in Britain's interests, but in my view there are three absolute essentials for Britain.

First, we should retain our national currency and our ability to set our own monetary policy, in the UK and for the UK. Secondly, we should ensure that we are not dragged into a new mechanism for bailing out eurozone countries in future. As I described when reporting back from the last European Council, we have achieved that. Thirdly, and most complex, although we should not prevent eurozone countries from coming together to deal with the problems that they face, we must ensure that this does not compromise the single market, which is an important British success story in Europe and should remain one of our key interests. There is a danger that, in developing stronger co-ordination, eurozone countries start affecting things that are more properly part of the single market for all EU members. I made sure that this point was recognised at the Council, and I secured specific assurances to protect the single market. The statement by the eurozone countries, which will be available to Members and which we all debated, makes that clear.

Extending the single market to energy has been a long-held objective of recent Governments of all parties. Achieving that could add up to 0.8% of European GDP and mean another 5 million jobs across Europe by 2020. If we make a 20% improvement on energy efficiency by 2020, that could significantly reduce the pressure on household bills. A single market in energy is good for jobs, competition and energy security, so practical co-operation and competition with the rest of Europe on this is firmly in our national interest. The Council agreed that

"the EU needs a fully functioning, interconnected and integrated internal energy market,"

and that

"the internal market in energy should be completed by 2014".

We also agreed that

"major efforts are needed to modernise and expand Europe's energy infrastructure and to interconnect networks across borders."

Britain should strongly support that, not least as we plan for the North sea offshore super-grid. The conclusions on innovation are also completely in line with what Britain supports and has been trying to achieve. Innovation and energy policy should be part of the growth strategy that we are arguing for in Europe. We will publish our own proposals before the next European Council in March, which will specifically be discussing that subject.

Next, let me turn to Egypt. I was determined that the Council would not produce one of its heavily "caveated" and sometimes rather unclear statements, and I think the declaration that we agreed is strong. First, we agreed that the Egyptian authorities should

"meet the aspirations of the Egyptian people with political reform not repression".

Secondly, it is clear that a transition is needed to broad-based democratic government, and the declaration is emphatic that

"this transition should start now."

The European Council was also clear that this should involve the building blocks of free and open societies and democratic institutions, such as freedom of assembly, the rule of law, freedom of speech and free and fair elections.

I believe that there is a strong case—the European statement reflects this—that the EU needs to look hard at its role in that region. We have spent billons of euros of taxpayers' money in Egypt and neighbouring countries, with carefully crafted association agreements and action plans. We have offered funds, access to our markets and other assistance in exchange for progress on the rule of law, democracy and human rights. In Egypt, however, there has been little or no progress on torture, the judiciary, democracy or ending the state of emergency that has now lasted for 30 years. I believe that it is time for Europe to take a more hard-headed approach whereby the conditions on which we give money are real and insisted upon. I reaffirmed that message in a call at lunchtime today to Vice-President Suleiman, and urged him to take bold and credible steps to show that the transition that they are talking about in Egypt is irreversible, urgent and real.

Finally, let me say a word about the release of the Lockerbie bomber, Abdelbaset al-Megrahi, and the report that has been released today by the Cabinet Secretary. I have not altered my view, which I expressed at the time, that releasing Mr Megrahi was a very bad decision. He was convicted of the biggest mass murder in British history and, in my view, he should have died in jail. It was a bad decision, and the last Government should have condemned it rather than going along with it.

I commissioned this report during my visit to Washington last year. At the time, there was renewed controversy around the decision, a congressional inquiry into it, and calls for a bigger UK inquiry. Concerns were also being put forward, quite forcefully, in America and elsewhere that the whole release might have come about as a result of pressure by BP on the British Government to pressure the Scottish Government to make it happen. I do not believe that that is true, and this report shows that it is not true. It was a decision taken by the Scottish Government—the wrong decision, but their decision none the less. But in view of the continuing speculation in the UK and the US, I thought it right that all the British Government paperwork should be re-examined to assess whether more should be published, and I asked the Cabinet Secretary to do just that.

That is what Sir Gus O'Donnell has now done. In order to address the concerns that were being expressed, he was asked to look at three specific areas. First,

whether there was any new evidence that the British Government directly or indirectly pressured or lobbied the Scottish Government for the release of Megrahi; secondly, whether there was pressure placed on the Scottish Government by BP for the release of Megrahi; and, thirdly, whether the Libyans were told that there were linkages between BP's investment and the release of Megrahi, either under the prisoner transfer agreement or on compassionate grounds.

The report and all the paperwork, running to 140 pages, have been placed in the Library of the House. All decisions on the declassification and publication of papers belonging to the previous Administration were of course taken independently by the Cabinet Secretary. Under the convention covering papers of a previous Administration, he has consulted the appropriate former Ministers and the former Prime Minister. Sir Gus was assisted by the former Information Commissioner, Richard Thomas, to provide an independent validation. He saw all the paperwork, redacted and un-redacted, and his job was to advise the Cabinet Secretary on whether his report and the documents now being published were consistent with the materials that were reviewed. He was also tasked with determining whether this was a fair and accurate account of events. He is content on both counts.

The Cabinet Secretary concludes that the former Government were clear that any decision on Mr Megrahi's release or transfer under the prisoner transfer agreement was one for the Scottish Government alone to take. He finds that none of the material he reviewed contradicts anything contained within the former Foreign Secretary's statement to the House in October 2009. He makes the same finding with respect to the current Foreign Secretary's letter to Senator Kerry in July last year and with respect to statements made by the former Prime Minister on this matter. He notes that it is evident that the Libyans made explicit links between progress on UK commercial interests in Libya and the removal of any clause on the prisoner transfer agreement whose effect would be to exclude Megrahi from it. He notes that after Megrahi had been diagnosed with terminal cancer in September 2008, the then Government's policy was based on an assessment that UK interests would be damaged if Megrahi were to die in a UK jail.

The Cabinet Secretary finds—and this is a key point:

"Policy was therefore developed that HMG should do all it could, whilst respecting devolved competences, to facilitate an appeal by the Libyans to the Scottish Government for Mr Megrahi's transfer under the PTA or release on compassionate grounds. . . as the best outcome for managing the risks faced by the UK".

One of the Foreign Office papers released today makes it plain that

"Facilitating direct contact between the Libyans and the Scottish Executive is a key part of our game plan on Megrahi".

Another Foreign Office paper from January 2009 states:

"We now need to go further and work actively, but discreetly, to ensure that Megrahi is transferred back to Libya under the PTA or failing that released on compassionate grounds."

Frankly, I believe this tells us something that was not made clear at the time. It goes further than the account that the former Prime Minister and the former Foreign Secretary gave, as we were not told about facilitating an appeal, facilitating contact or a game plan. Indeed, the Cabinet Secretary's report says:

"Policy was therefore progressively developed that HMG should do all it could, whilst respecting devolved competences, to facilitate an appeal by the Libyans to the Scottish Government for Mr Megrahi's transfer under the PTA or release on compassionate grounds. . . as the best outcome for managing the risks faced by the UK."

Hon. Members will be able to study the paperwork and consider these issues for themselves. My view is clear: we have learned some new information, particularly about what we were told by Ministers, but I do not believe that these papers justify calls for a new inquiry. What they do provide is further evidence that this was, in my view, a flawed decision by the Scottish Executive, which we already knew; and I believe they point to some broader lessons from this affair.

It is clear from these papers that the last Government badly underestimated—in fact, failed seriously even to consider except as an issue to be managed—the reaction both in Britain and in the United States to the release of Mr Megrahi, above all among many of the families who lost loved ones. The key point that emerges to me from reading the paperwork is that insufficient consideration was given to the most basic question of all: was it really right for the British Government to "facilitate" an appeal by the Libyans to the Scottish Government in the case of an individual who was convicted of murdering 270 people, including 43 British citizens, 190 Americans and 19 other nationalities? That, for me, is the biggest lesson of this entire affair. For my part, I repeat: I believe it was profoundly wrong. The fact that, 18 months later, the Lockerbie bomber is living at liberty in Tripoli serves only to underline that. I commend this statement to the House.

Edward Miliband (Doncaster North) (Lab): I thank the Prime Minister for his statement. I want to start, because of their importance, with the European Council conclusions on Egypt. I believe that the Egyptian people are continuing to show enormous courage and consistency in their desire for fundamental and lasting change. As I said last week, we support the call for a clear, credible and transparent path towards transition as soon as possible.

May I join the Prime Minister and his fellow leaders of the European Union in condemning any attacks on peaceful demonstrators and urge the authorities to allow the people of Egypt to continue to exercise their right to free and peaceful protests? The Prime Minister spoke to Vice-President Suleiman today, so will he update the House on his view of the current talks between the Vice-President and the Opposition parties and tell us whether he thinks these might lay the ground for the transition? Will he also offer the latest thinking of the EU and allies on the difficult issue of the role of President Mubarak during the transition?

Does the Prime Minister agree that the transition must include not just the provision of free and fair elections but other democratic structures, from a free press and diverse political parties to an independent judiciary? Will he also take the opportunity to update us on the steps he has taken since last week to ensure the safety of British nationals in Egypt during the current turbulence?

Let me deal with the other matters discussed at last Friday's European Council. On energy policy, we welcome the Council's conclusions on the internal market in gas and electricity and on the North sea grid. We also

[Edward Miliband]

welcome the Council's plans for improvement of Europe's energy infrastructure. Such action can make us more resilient in the face of potential supply disruptions, as we saw in 2008-09 during the dispute between Russia and Ukraine.

Let me ask the Prime Minister two questions about the way in which our policy at home relates to the discussions in Europe. First, we note the Council's conclusions on the importance of renewable energy. May I ask the Prime Minister to update the House on the implementation of the renewable heat incentive, which is a crucial part of his renewable energy strategy? It was due to come into force in April this year, but has now been delayed. Can the Prime Minister tell us when it will be introduced?

Secondly, given that the financing of energy investment is a big issue across Europe, which the Council rightly flags up, may I ask the Prime Minister to update the House on progress in regard to the green investment bank? He has committed himself to building on our plans. Can he tell us whether he intends this to be a fully fledged bank, as many have argued that it should be?

I welcome the Council's conclusions on the wider economy, including the eurozone. May I ask what discussions took place on the prospects for European growth next year? The summit has concluded that

"the overall economic outlook is improving",

but I have to say that that is not how it will seem to many families in the United Kingdom. Did the Prime Minister share the recent experience of the United Kingdom with the Council, and did he warn his colleagues that cutting budget deficits too far and too fast could have damaging effects on growth and employment?

Let me now turn to the case of Mr Megrahi. The Lockerbie bombing was a terrible atrocity, destroying hundreds of lives and scarring the families left behind. The Cabinet Secretary, Sir Gus O'Donnell, has conducted a serious and thorough report on the papers relating to Mr Megrahi's release, and we will study it in detail.

Sir Gus's report makes three significant conclusions that pertain to Mr Megrahi's eventual release. First, it concludes that the United Kingdom Government were worried about the impact on British interests of Mr Megrahi's dying in jail. That is precisely what the former Foreign Secretary said in a statement to the House on 12 October 2009. Secondly, the report makes it clear that there is no evidence that

"UK interests played a part in Mr Megrahi's release by the Scottish Government on compassionate grounds."

Indeed, Sir Gus went on to conclude that

"the former Government took great effort not to communicate to the Scottish Government"

their view. Thirdly, he concluded:

"Mr Megrahi's release on compassionate grounds was a decision that Scottish Ministers alone could—and did—make."

So the message of today's report is that Mr Megrahi's release was not influenced by the United Kingdom Government. Perhaps the Prime Minister will tell us whether he agrees with that.

Above all, what today's report should remind us is that the bombing of Pan Am flight 103 must live in the memories of this country and the United States. We must take all possible steps to ensure that it never happens again.

The Prime Minister: I thank the right hon. Gentleman for his comments and questions. I think that he is right about the response of the United Kingdom, the European Union and the United States to events in Egypt. While, in my view, one can never be certain that every statement made by the European Union is being listened to that carefully, I believe that in regard to its statement that the Egyptian Government must choose reform and not repression, the recent behaviour of the army in Egypt has been encouraging.

The right hon. Gentleman asked whether the current talks would be good enough to lead to transition. That is an extremely difficult question to answer. The point that I made to Vice-President Suleiman was that the more that the Egyptian Government could do to demonstrate that, for instance, they were bringing some opposition leaders into a transitional Government, the more they would be able to convince people that they were trying to reform, change, and deal with the constitutional issues. We have advised them to try to get ahead of events rather than taking a series of incremental steps, which I do not think are doing enough to respond to the aspirations of the Egyptian people. As the right hon. Gentleman rightly said, the transition is not just about the date of an election; it is about those building blocks of democracy that I mentioned earlier.

All United Kingdom citizens who wanted to leave have been able to do so. We will continue to keep travel advice under review, including advice on travel to the Sinai peninsula.

The right hon. Gentleman asked two very good questions about the renewable heat incentive, which is an absolutely vital initiative that we are taking, and about the green investment bank. Both projects are moving ahead. The Government have published structural reform plans with dates for implementation, so one thing that others can do is hold us to account when things do not happen during the week in which they are meant to happen, and I am sure the right hon. Gentleman will do that.

On the economy, the right hon. Gentleman has mentioned sitting round the European Council table and talking about the impact of cutting budgets. My overwhelming impression was listening—we had to listen at some length—to reports from Greece, Portugal and Spain about their economies. Having seen what they have had to cut and the difficulties that they are in, the warning that I take from that is, "Do not go back into the danger zone, where those countries still are."

On al-Megrahi, I set it out as best I could in my statement. It is clear to me that those who think that a conspiracy was cooked up between BP, the British Government and the Scots to release al-Megrahi are not right. It was a Scottish decision by the Scottish Government—in my view, it was mistaken. As I have said, we have learned something today about what we were told in this House by Ministers. When hon. Members look at what was said in this House and what we have seen in these papers, I think that they will agree with me—I am trying to be very reasonable about this—that we were not given a complete picture.

Sir Malcolm Rifkind (Kensington) (Con): As the then Secretary of State for Scotland, I had to visit Lockerbie on the night of that disaster, when I saw the terrible consequences that flowed from it. I have always been appalled by the release of the convicted murderer. The Prime Minister has drawn attention to the Cabinet Secretary's conclusion, in which the Cabinet Secretary states that the previous Government wished to do all within their power to facilitate the release of Mr Megrahi. Do not the documents released today show that, in pursuit of that objective, a Foreign Office Minister met his Libyan ministerial counterpart, offered to send details of how release on compassionate grounds might be obtained and wrote to his ministerial colleague on 18 October 2008? Does that not confirm that the previous Government were up to their neck in this shoddy business, that they were desperate to see the release of Mr Megrahi and that they must therefore share responsibility with the Scottish Government for one of the most foolish and shameful decisions of recent years?

The Prime Minister: As ever, my right hon. and learned Friend brings a mixture of experience and precision to this issue. We were told by the previous Government what they did not want, which was the death of al-Megrahi in a Scottish prison, but we were not told by the previous Government what they did want, which was the facilitation of his release. That comes over, time and again. The most powerful point that my right hon. and learned Friend makes is this: in the end, that man was convicted of the largest mass murder in British history, which should have been the thought coursing through ministerial veins and brains when Ministers wrote those memos and made those speeches.

Mr Jack Straw (Blackburn) (Lab): I fully understand the Prime Minister's concern and that of colleagues on both sides of the House about the timing and circumstances of the release of Mr Megrahi. However, having read the Cabinet Secretary's report in full, which I have here, may I say that it was wrong of the Prime Minister to elide quotations from the Cabinet Secretary's conclusions with his own gloss, implying that those were indeed the conclusions? As my right hon. Friend the Leader of the Opposition has spelt out, and contrary to the implication that the Prime Minister has given to the House, the Cabinet Secretary concluded that nothing in the material that he reviewed contradicts anything that my right hon. Friend the former Foreign Secretary told this House on 12 October in a detailed statement or anything that my right hon. Friend the former Prime Minister has said at any time on this issue. The conclusions back up the continued assertion made by the former Prime Minister, the former Foreign Secretary and me, as the Prime Minister has finally admitted through gritted teeth, that there was no pressure from BP on the Scottish Government, that we acted properly at all times and, moreover, that at no stage did we ever suggest to the Scottish Government what decision they should take.

On so-called facilitation, let me read to the House the very next sentence. It

> "amounted to: proceeding with ratification of the PTA",

which was in hand anyway,

> "explaining to Libya in factual terms the process for application for transfer under a PTA...and informing the Scottish Government that there was no legal barrier to transfer under the PTA".

That was all known before and does not contradict what my right hon. Friend the former Foreign Secretary said at the time.

The Prime Minister: Let me make two points gently to the right hon. Gentleman. First, although the Cabinet Secretary rightly, in my view, finds that nothing in this report contradicts what the then Foreign Secretary did say, my point is purely this: this is about what was not in that statement. That is because when we look at what is in the report, we find that it is very clear that there were all sorts of things—facilitations and game plans—that we were not made aware of.

I do not want, in any way, to misquote what Gus O'Donnell has done in a very good report. The conclusions in paragraph 34 state:

> "Policy was therefore progressively developed that HMG should do all it could, whilst respecting devolved competences, to facilitate an appeal by the Libyans to the Scottish Government for Mr Megrahi's transfer under the PTA or release on compassionate grounds... as the best outcome for managing the risks faced by the UK."

All right hon. and hon. Members will be able to make up their mind whether what we were told by the previous Government was a full and complete picture. Everyone can make up their mind and I am pretty sure what a reasonable person will come to.

Sir Menzies Campbell (North East Fife) (LD): The emphasis in these matters has always been on Mr Megrahi's condition, but, respectfully, it seems to me that other issues have to be taken into account as well. The first is the nature of the crime, the second is the consequences of the crime and the third is the sentence imposed by the court. Had the British Government at the time taken proper account of those factors, I doubt very much whether they would have reached the conclusion that they did and sought to "assist", to put it neutrally, the Libyan Government. But, equally, if Mr MacAskill had taken proper account of the nature of the crime, the consequences of the crime and the sentence imposed, he would surely have found that those factors far outweighed any question of compassion.

The Prime Minister: The right hon. and learned Gentleman puts it extremely clearly. The fact is that al-Megrahi was allowed to go home and die with his relatives, but that is not a luxury he afforded to anyone who was on that jet, and you have to take into account the nature and the consequences of a crime when you think about your actions. As I say, when we get away from all the detail of the report and just stand back and think about the big picture—as I say, the lesson to be drawn is that we have to keep focusing on the big picture—which is the heinous crime that was committed, the lives that were taken and the families that were wrecked, we have to think that someone has to suffer the consequences of that.

Several hon. Members *rose—*

Mr Speaker: Order. Just because three of the most glittering stars in the parliamentary sky have asked very full questions, that does not, in any way, oblige right hon. and hon. Members to follow suit. On the whole, I would rather that they did not.

Mr Ben Bradshaw (Exeter) (Lab): What discussions took place at the EU Council about events in Egypt lending added urgency to breaking the impasse in the middle east peace process? What is the Prime Minister personally doing to break that impasse?

The Prime Minister: I did have discussions with Baroness Ashton about this, it was also discussed around the table and I had a very good meeting with Hillary Clinton in Munich. Obviously, there are concerns that instability in Egypt will make progress on the middle east peace process more difficult, but I strongly believe that we should not take our eye off the ball and that we should keep the pressure up—that means pressure on both sides. It means pressure on Israel to make progress on issues such as settlements and pressure on the Palestinians to return to meaningful talks. Britain will play a very key role in this, and I commend Baroness Ashton for her work.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Trade between the United Kingdom and north African countries has historically been lamentable; we are way down the list on bilateral trade compared with our European partners. Will the Prime Minister do more to make sure that UK Trade & Investment plays a leading role in helping British companies to increase trade with countries such as Tunisia and Egypt to support democracy there?

The Prime Minister: My hon. Friend makes a good point and the Foreign Secretary will be going to Tunisia later today. We want to have good trading relationships with those countries, but that should never be bought at the price of trading off our values. We should have had a clearer red line about what was and was not appropriate, but Britain has to trade itself out of recession and links with fast-growing countries all over the world are absolutely what we are trying to put together.

Mr David Winnick (Walsall North) (Lab): Fine words have been said by the Prime Minister, the President of the United States and other western leaders about the very brave demonstrators in Egypt. Is it not possible that those demonstrators are asking—this is an interesting question—why the western powers have been so silent over the past 25 or 30 years about what has been happening in their country, including the authoritarian rule, the denial of liberty and the sadistic tortures that have been taking place in prisons? Those sorts of questions should be asked not only in Egypt but elsewhere.

The Prime Minister: The hon. Gentleman makes a good point. As I said in my statement, the EU has leverage over those countries in terms of the aid it gives and it should be tougher in asking for conditions in return for that aid. In terms of the situation we face today, I just do not accept that there is only, on the one hand, an Islamist regime or, on the other, standing up for the tough man—the dictator. We must encourage those countries not necessarily to have free elections just like that, at the flick of a switch, but to put in place the building blocks of genuinely free countries and open societies that will make sure that they have lasting democracies when they reach that goal.

Richard Ottaway (Croydon South) (Con): The conclusion by Sir Gus O'Donnell that the previous Government did "all it could" to facilitate the release of Mr Megrahi is bad enough, but it is also inconsistent with the impression created by the previous Government. Has the Prime Minister made any assessment of the motive for such behaviour?

The Prime Minister: It is for Ministers to explain what they said and what they did not say. Clearly, they can rely on what is in the report about not being contradicted, but I think they have to look—and I hope they will do it fairly—and ask themselves, "Given that I was receiving memos about a game plan of facilitating contact and given that I was signing off those memos, shouldn't I have really said to the House of Commons and elsewhere that it was not just that we didn't want this man to die in a Scottish jail but that we were working actively with the Libyans to try to secure his release?" I think they should have said something more along those lines. I have genuinely tried to approach this by asking what is fair in terms of what we should have been told when those questions were asked.

Chris Bryant (Rhondda) (Lab): I do not think that trade should ever be the sole determinant when it comes to our foreign policy, which is why I hope to persuade the Prime Minister to adopt more of his muscular liberalism, to coin a phrase, in relation to the Russian Federation. Sergei Magnitsky was tortured and murdered in a Russian jail when he was working for a British company in Russia. The United States Congress is now considering banning from the USA anyone who was involved either in the corruption he uncovered or in his torture and murder. Will the Prime Minister consider doing the same here and will he make sure that those views are expressed to Foreign Minister Lavrov when he visits next week?

The Prime Minister: The hon. Gentleman makes a good point and I am glad that the phrase "muscular liberalism" is catching on. That is exactly the approach we have taken with Russia and we do raise questions such as those that the hon. Gentleman asked when we hold meetings with President Medvedev, as I have done, or with Foreign Minister Lavrov, as my right hon. Friend the Foreign Secretary has done, and we will go on raising those issues. Some countries have not taken that approach, but we think it is the right approach.

Mr Julian Brazier (Canterbury) (Con): Bearing in mind that several of the key moderate figures in Egypt have made pledges to have a referendum on the long-standing peace treaty with Israel, does my right hon. Friend, in pursuit of the excellent answer he gave to the right hon. Member for Exeter (Mr Bradshaw) earlier, agree that a key factor in determining whether we get a good outcome in Egypt will be whether the current Israeli Government are willing to stop building more settlements and be serious about coming to the peace table?

The Prime Minister: My hon. Friend makes a good point, but we should also be clear with reformers and opposition figures in Egypt that we see progress on the peace process as absolutely vital for the stability and prosperity of that region. This is where the European

Union has some leverage because in those association agreements we should be making sure that just as there is money in return for progress on things we care about internally, they should also be about standing by agreements that have been entered into, including in the peace process.

Angus Robertson (Moray) (SNP): I am grateful for an advance copy of the statement. The Prime Minister has long taken a different view from the Scottish Government or international observers such as Nelson Mandela on compassionate release. What is new, however, is that these official UK documents prove that as of autumn 2008, UK Labour Ministers supported Mr Megrahi being released to Libya, so they were saying one thing in public and the opposite in private. Is that not rank hypocrisy?

The Prime Minister: I have made my view clear and I tried to state it in a calm and reasonable way, because I do not believe that there was some conspiracy cooked up between a Scottish National party Government and a Labour Government. They find it hard enough to communicate with each other at the best of times. I see a few prominent Scottish MPs nodding. I think Ministers will want to look back at what they said and ask, "Could I have said more to give a complete picture?"

Jo Swinson (East Dunbartonshire) (LD): I welcome the European Council's strong position of support for the Egyptian people, particularly with regard to assistance with the transition to democracy. However, building new Government structures is not straightforward and should not be rushed, and that is why it needs to start now. Will the Prime Minister ensure that in providing assistance, the EU draws on the expertise of organisations such as the Westminster Foundation for Democracy and the Friedrich Naumann Foundation, both of which have a wealth of expertise in supporting fledgling democracies and working in Egypt?

The Prime Minister: The hon. Lady makes a good point about civil society organisations here that can work with civil society organisations in Egypt. The point that I would make about transition starting now is that precisely because the Egyptians say that there are all sorts of problems with amending their constitution and doing it quickly, they should be examining what they can do to build confidence among people on the streets of Cairo that they are genuinely changing. That is where I think considering including Opposition members in a transitional Government and giving some visible, clear and irreversible signs of what their intentions are would make a big difference.

Mr Denis MacShane (Rotherham) (Lab): I think we heard two statements today, and they should have been separated. On al-Megrahi, does the Prime Minister recall that many of us had to hold our nose as IRA killers and terrorists were let out for the greater good of peace and stability? On his statement, can he say something about Tunisia? That is a small country, with only 10 million people, secular, highly educated, looking to Europe for help. May I ask him to ask the Foreign Office—he will probably be knocking at an open door—to see what we can do with economic and political investment in Tunisia to bring it, particularly as it is much smaller and more manageable than Egypt, closer to Europe?

The Prime Minister: The right hon. Gentleman makes a good point. That is one of the reasons why the Foreign Secretary is getting on an aeroplane this afternoon, going to Tunisia and talking to the Tunisians about helping to put in place the building blocks of a free and open society. One of the problems in these countries is the massive level of corruption. It was that which angered their populations so much, and we need to work with them. Going back to the issue of Libya and Northern Ireland, of course everyone had to hold their nose and talk to people we did not want to talk to and deal with people we did not want to deal with, but Governments were pretty frank about what we were doing and why we were doing it. That is my point.

Dr Andrew Murrison (South West Wiltshire) (Con): It is important that we do nothing to talk up the prospect of wider instability in north Africa and the Maghreb. Does my right hon. Friend share my dismay at less than forensic reports in the western press that seek to conflate inherently unstable countries such as Egypt and Tunisia with countries such as Morocco, which have a far more enlightened order economically, socially and politically?

The Prime Minister: My hon. Friend makes an important point. We should not assume that those countries are all the same. Genuine stability should be based on the progressive realisation of the goal of a more open society and the building blocks of the sort of civil society that we recognise. We cannot pretend, as neo-conservatives did, that we solve the problems in one go simply by holding an election. We should be clear, as people who believe in those rights at home, that we should be trying to achieve them progressively elsewhere.

Mike Gapes (Ilford South) (Lab/Co-op): The Prime Minister referred, rightly, to the efforts and the work of Baroness Ashton. He also said that he had had discussions with Hillary Clinton. In that context, what is his understanding of the United States' attitude to the changes going on in Egypt? Is it US policy to support Mr Wisner's view that President Mubarak should stay, or to support the EU view that there should be an early transition?

The Prime Minister: That was a well-put question, which I will try not to glide around too diplomatically. The US and the UK are absolutely aligned on this; I spoke to President Obama over the weekend, and we are pushing for the same things. We want transition, we want it to be real and we want it to start now. We believe that it should include some of the things we have been discussing today, like bringing opposition figures into the Government, having dates for a road map for elections and making sure that they deal with some of the abuses of the past. In terms of what Mr Wisner said, I do not think that the way he put his words was a full reflection of the US Government's view, as I think has been made clear.

Robert Halfon (Harlow) (Con): Given my right hon. Friend's important speech over the weekend, does he not agree that the previous Government's facilitation of the release of al-Megrahi sent entirely the wrong signal to dictators, Islamists and terrorists right across the globe and represents a considerable setback to those who oppose such things? Will he take steps to ensure that as a United Kingdom we are never faced with such a situation again?

The Prime Minister: My hon. Friend makes a good point, which is that when this happened a very bad message was sent about what we stand for in the UK and our views in terms of the response to such a heinous crime. It is important to bear that in mind, and as I said in my statement, I do not think that enough thought was given to that, which in the end is the most precious of all judgments that Ministers should make.

David Cairns (Inverclyde) (Lab): As the Minister of State in the Scotland Office at the time, and as Mr Megrahi's constituency MP, I strongly agree with the Prime Minister that Mr Megrahi should have spent the rest of his natural life in prison. Does he agree with me that however ill-considered and ill-judged phrases such as "our game plan on Megrahi" may be—had anyone approached me with such a game plan, I would have told them where they could put it—it must not obscure the central fact that it was a decision that was taken, and could only ever have been taken, by Scottish Government Ministers? There was no collusion, no cover-up and no conspiracy, just a bad decision by the SNP.

The Prime Minister: I go a long way with the hon. Gentleman, who I think made the right judgment about the release of Megrahi. The problem, and this comes out in the report, is that memos submitted to Ministers in the Foreign Office included things like,

"Facilitating direct contact between the Libyans and the Scottish Executive is a key part of our game plan on Megrahi",

and that submission was subsequently agreed by the Minister. That is the point. The language about facilitating contacts that was put into memos was subsequently agreed by Ministers, including the former Foreign Secretary, and we were not told about that in the House of Commons. That is an issue that needs to be addressed.

Tony Baldry (Banbury) (Con): One fifth—20%—of the Egyptian population are Christians, mostly Copts and some Catholics. Does my right hon. Friend agree that pluralism and human rights need to be at the centre of any dialogue on the future of Egypt and that the litmus test for whether Egypt is going forward into the 21st century or backwards will be the treatment of minorities, such as Christians, in the weeks and months ahead?

The Prime Minister: My hon. Friend makes an extremely good point. When you consider how much money the EU has put into a country such as Egypt—something like €500 million over the last three years—those are exactly the sorts of things that we should be insisting on, which I think are tests of a civilised society.

Sir Stuart Bell (Middlesbrough) (Lab): May I tell the Prime Minister that the 17 member states of the eurozone will be quite comfortable in dealing with safeguarding the euro into the future? He was right to refer to the single market in his speech in Davos last week, as 60% of our trade is with the European Union, but I urge him not to treat the EU as à la carte, only with trade; it must also cover the environment, immigration and energy security—that is to say, menu fixe.

The Prime Minister: I do not entirely agree with the hon. Gentleman: 50% of our trade is with the EU, and 44% with eurozone members. We want a healthy eurozone, but if a menu fixe means that we have to join everything, including the single currency, frankly, count me out.

Mr Peter Bone (Wellingborough) (Con): Is it not terrific that we now have a Prime Minister who goes to Europe and puts Britain's interests first? Would he clarify just one point? He said that we will not be dragged into a mechanism to bail out the eurozone countries, but that we could of course opt in to such a mechanism. Are we just ruling out a mechanism, or are we not going to join a mechanism that will help bail out the euro?

The Prime Minister: My hon. Friend asks a very good question that requires quite a complicated answer. Because of the previous Government's decisions at the time of the general election, we are still at risk of the European financial mechanism, which was set up at that time and used in part to help Ireland, as it is decided by qualified majority voting. What we have achieved, in terms of the treaty change being proposed for the future, is to make sure that the UK cannot be pulled into a future mechanism for doing those things. That is the position we have managed to secure, and, as I say, in Europe once you have secured these things, you have to make sure that you damn well continue securing them for the future.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): The Prime Minister said in his statement, "It is time for Europe to take a more hard-headed approach where the conditions on which we give money are real and insisted upon." At the Security Conference in Munich, Baroness Ashton, when asked whether the European Union will continue to assist on conditionality for its aid, would not give a clear answer. Did the UK insist on that approach and Europe not agree, or did Baroness Ashton just fail to give us a precise answer?

The Prime Minister: What we discussed at the European Council was a specific declaration on Egypt, and I made sure that in that declaration there was some language about the association agreements that we entered into and making sure that they were real and tangible. I have the language in the folder before me; perhaps I can repeat it in a minute, because it does seem to me important. I am sure that Baroness Ashton, in looking at the conclusions that we reached, will recognise that we did all agree that that should be the case.

David T. C. Davies (Monmouth) (Con): Could the Prime Minister tell us whether the EU Council took note that Morocco, which has embraced and is embracing a human rights and democracy agenda, has not suffered from outbreaks of civil unrest? Does he agree that we could do more to help that country and everyone in the region if we encouraged other nations in the area to take part in negotiations over a referendum on the future of Western Sahara?

The Prime Minister: My hon. Friend makes an extremely good point. In our relations with those countries, we want to look at all the things that will help to encourage stability, progress and peace rather than strife.

In terms of the association agreement with Egypt, the declaration on Egypt says very specifically that we agreed:

"The basis for the EU's relationship with Egypt must be the principles set out in the Association Agreement and the commitments made."

European leaders agreed that statement, and I think it is important for the future.

Keith Vaz (Leicester East) (Lab): Were there any discussions at the European Council concerning Yemen? The Prime Minister will be aware of how important that country is in the fight against terrorism, and of the excellent talks between the Foreign Secretary and the Yemeni Foreign Secretary last week. Is the Prime Minister satisfied with the package of measures put forward by President Ali Abdullah Saleh? Is not the stability of Yemen absolutely vital in the area? If the Yemeni Government fall, al-Qaeda will be the winner.

The Prime Minister: The right hon. Gentleman makes an important point, which is that Yemen is vital to the security not just of that region, but frankly of our world, because there has been such a lot of al-Qaeda activity in that part of the Arabian peninsula. Yemen was mentioned at the European Council. In terms of the action that President Saleh has taken, clearly we want to see it in detail and see it put in place. There is something of wake-up call in Yemen because of the incredible stresses and problems that that country faces, and we need to work with it. I have met President Saleh and spoken to him on the telephone, and the Foreign Secretary has had meetings, as the right hon. Gentleman says. We need to help Yemen with its reform programme, not just so that it becomes more stable, but so that it is able to deal with the cancer of al-Qaeda which is in its own country.

Andrew Bridgen (North West Leicestershire) (Con): Does my right hon. Friend the Prime Minister believe it to be a coincidence that, despite numerous assurances from the then Labour Government that Mr Ronnie Biggs would remain in prison until he died, the then Justice Secretary, the right hon. Member for Blackburn (Mr Straw), conducted a U-turn and released Mr Biggs on compassionate grounds—mysteriously just weeks before Mr Megrahi was released on the same grounds?

The Prime Minister: My hon. Friend is pulling me into territory where I should not go, but it does seem to be a pretty good medical record that people released from prison, normally on the brink of keeling over, then last for a very, very long time.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Prime Minister mentioned that he wants to see a strong and secure eurozone. On a day when our papers are still full of stories about the predicament of British banks, which are vulnerable to loans that they made over recent years, and at the same time full of stories about bankers' bonuses, can the Prime Minister tell us whether there was a discussion about the still perilous state of our banking system throughout Europe, and the fact that bankers' bonuses are still paid out at such levels?

The Prime Minister: Of course we did discuss what lies at the heart of the eurozone crisis, part of which is about banks that were hopelessly over-leveraged, over-extended and all the rest of it. Here in the UK, we are having a serious conversation with the banks whereby we try to sort out what we want to see. I want to see them paying more tax, I want to see them doing more lending, particularly to small businesses, and I want to see a smaller bonus pool than last year. I am confident that we will be able to achieve those things in this country.

Mr Edward Leigh (Gainsborough) (Con): I know that the Prime Minister has to use diplomatic language, but we all know that the truth is that if al-Megrahi had come from a non-oil rich, non-strategic country, he would still be in prison. So imagine the pain today of the mothers and fathers, the sons and daughters, of those killed on that flight. Can the Prime Minister somehow, on behalf of the British people, say sorry, apologise and articulate the view that never again will we appease murderous dictators in the interests of realpolitik?

The Prime Minister: My hon. Friend puts the point very powerfully. I would say to all those who lost loved ones in that appalling terrorist act that we are profoundly sorry for their loss and for how they have suffered. When one of them said, "I'm not able to spend Christmas at home with my loved ones in the way that this man is", I think they spoke for everybody. We have to understand that when a crime like that is committed, it is not some un-violent sense of retribution just to say that that person should not be released from prison. They have basically committed a life sentence on all those families who are never going to see their loved ones again. Not to understand that is to fail in the duty of a Minister.

John Woodcock (Barrow and Furness) (Lab/Co-op): This further step towards our long-held goal of a single market for energy should open doors for areas like mine to forge ahead with offshore wind. Will the Prime Minister recognise and address legitimate concerns over the weakness of his policies for growth so that jobs are created here in the UK and small businesses can properly apply for and get jobs in the supply chain?

The Prime Minister: I do not accept what the hon. Gentleman says. At a European level, this is going to be helpful for the onshore and offshore wind industry and other renewable industries in this country. Also, here in the UK we have provided specific grants to ports to update their infrastructure so that large manufacturers can come here and manufacture wind turbines and provide offshore wind. I have spoken personally to companies that are coming to do that in parts of the UK. We will go on supporting the growth of this very important renewables sector.

Alun Cairns (Vale of Glamorgan) (Con): The Prime Minister has highlighted some significant inconsistencies between what the previous Administration stated publicly and what was released by Sir Gus O'Donnell earlier today. Obviously, the focus should be on the victims of this horrendous crime, but what assessment has the Prime Minister made of the effects on the relationship with some parts of the US Administration?

The Prime Minister: The relationship is extremely good, and I think it will go on being good. I discussed this issue with Hillary Clinton when we met at the weekend. I think that the Administration have been grateful for the very strong and clear view that the Government have taken about the events surrounding the release of al-Megrahi and the fact that it was wrong. This point also goes back to what was said earlier. Of course, we want to have good relations not just with America but with Libya and with other countries, but we have to have some pretty clear lines in our minds

[The Prime Minister]

about what is going to be part of that relationship and what is not. Frankly, I think it is perfectly possible to have good relations if we are clear about those things.

David Rutley (Macclesfield) (Con): I was fortunate enough to work briefly with one of the victims of the Lockerbie bombing who was so tragically taken from us in 1988. I am sure that the families of these victims will be very interested to read the report that was issued today. Is my right hon. Friend aware of whether any previous Ministers from the former Government are planning to meet the groups of families who represent these victims to explain the policy that has so obviously come to light today?

The Prime Minister: I know that a number of victims' families will obviously be interested in the report, and some will be seeking meetings either with the Government or with others. To be frank with my hon. Friend, not all the victims' families take the same view about al-Megrahi and what happened and whether he was responsible, and all the rest of it. We have to be clear that he was convicted after a properly constituted and thorough trial. He then had an appeal, which was quashed. On that basis, the decisions that were made were clearly wrong decisions.

Damian Collins (Folkestone and Hythe) (Con): In the Cabinet Secretary's report, he notes that the former Justice Secretary, the right hon. Member for Blackburn (Mr Straw),

"contemplated the merits of offering the Scottish Government a letter in support of a Libyan request"

to release al-Megrahi. Does the Prime Minister agree that that was an odd thing to contemplate if it was clear that there was a Government policy not to put any pressure on the Scottish Executive?

The Prime Minister: To be fair to the right hon. Member for Blackburn (Mr Straw), who is not here—although it is not my job to defend him—the report states that he considered making contact with the Scottish Executive and then decided not to. That piece of evidence suggests that there was not the great conspiracy that some people felt there might have been, in particular the American Senators I met who represent victims' families. It is easy to understand why they thought that might have happened. They were looking at a country overseas, and were hearing what BP was saying, what the Government were doing and what the Scottish Executive were doing. However, I do not think that that is how the evidence stacks up. There was no conspiracy—it was a Scottish decision. As I said, the report highlights some issues about what we were told and how we were told it.

Mr Philip Hollobone (Kettering) (Con): Greece is responsible for an extremely leaky part of the EU's external border. Its asylum system was recently condemned as unfit. The problem for the UK is that should economic migrants make their way into the EU to claim asylum and end up in Britain, we cannot send them back to Greece. Was that issue discussed at the Council? How can we get the Greeks to secure their part of the EU frontier?

The Prime Minister: We did not discuss the EU migration issue at this Council, but we discuss it often. Greece and Italy tend to be voluble about it because they are often the door through which so many migrants come. I will make two points. First, we need to ensure that we can return people. The arrangements between Britain and France are extremely good. Secondly, one reason why we should not have a common immigration policy is that I do not want our population to be dependent on decisions made at the border of other countries. That is why I think we should keep this as an area of national competence.

Points of Order

4.26 pm

Kevin Brennan (Cardiff West) (Lab): On a point of order, Mr Speaker. Will you confirm whether it is parliamentary to refer to right hon. or hon. Members as being guilty of "rank hypocrisy"? Obviously, if it is parliamentary, we might like to use it on a daily or even hourly basis to describe the Government's policies. I gave notice to the Secretary of State for Education that I would raise this point of order. If it is an unparliamentary expression, can you require an apology and a withdrawal?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order and for notice that he intended to raise it. At the outset, I say to the House that there was an enormous amount of noise in the Chamber when the Secretary of State was responding to a question and I did not hear clearly every word that he said. However, as the House would expect, I have had the record checked, and the words about which the hon. Gentleman complains appear in the draft *Official Report* at the end of the answer. It is indeed unparliamentary for any Member of the House to suggest that another Member is a hypocrite or has said something hypocritical. The term "rank hypocrisy", when directed at what another Member has said, is unparliamentary and should be withdrawn. I hope that is clear.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): On a point of order, Mr Speaker. I cannot remember, having been in this House for quite a few years, a statement by the Prime Minister on such a diverse selection of topics. I find it difficult to understand how Members can hold the Prime Minister accountable if he comes to the House with a potpourri of different aspects for which we are supposed to hold him accountable. Will it become a general process that we will not be able to tell what we will be asking the Prime Minister about?

Mr Speaker: The decision on whether to make a statement is a matter for the Government, the title of the statement is a matter for the Government and the content of the statement is a matter for the Government. I never have treated and never will treat anything said by the hon. Gentleman, or any other Member, with levity. He is raising a serious point, but I do not feel that it is a matter for the Chair today. I hope I can safely say to the hon. Gentleman, who has been in the House for 31 years—coming up to 32 years—without interruption, that the idea that anything causes him difficulty is hard to credit.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Further to that point of order, Mr Speaker. Given that we no longer have debates in Government time ahead of the European Council, is it not even more reprehensible that the European Council statement has got mixed up with another major issue that should have been in a separate statement?

Mr Speaker: I really do not think that that is a matter for the Chair. I note what the hon. Lady has said about debates before European Councils, which is an important observation. The Leader of the House is in his place and has heard it, and if the hon. Lady wishes to pursue it through the usual channels or with the Leader of the House she is, of course, absolutely justified in doing so.

Earlier, I had an indication that the hon. Member for Walsall North (Mr Winnick) wished to raise a point of order.

Mr David Winnick (Walsall North) (Lab) *indicated dissent.*

Mr Speaker: No, he does not wish to do so.

Mr Peter Bone (Wellingborough) (Con): On a point of order, Mr Speaker. Would it not be strange if the Prime Minister came to the House and made a statement, and then when somebody asked him a question, he said, "I'm not answering that, because it's outside the remit of what I came to the House for"? I should think that we should welcome the Prime Minister answering questions as widely as possible.

Mr Speaker: I am not sure that I should be the arbiter of that. The hon. Gentleman has raised an issue of what he considers to be "strangeness" and asked me to rule on it, but I think that is beyond the remit of the Chair, so we will leave it there for today.

Opposition Day

[Un-allotted Half Day]

Fuel Costs

Mr Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister.

4.31 pm

Stewart Hosie (Dundee East) (SNP): I beg to move,

That this House notes that the oil price has reached $100 a barrel, and that diesel in the UK is the most expensive in Europe; further notes that the combination of the 1 January 2011 duty rise and the increase in value added tax is estimated to have added 3.5 pence to the cost of a litre of fuel; acknowledges the sharp rises in fuel prices over the past year and the resulting impact on headline inflation figures; recognises the financial pressure this places on hard-pressed families and businesses already struggling with high inflation and the impact of the recent rise in value added tax; condemns the Government's continued dithering over the implementation of a fuel duty regulator (or stabiliser) as neither a sustainable or stable way to make tax policy; further recognises the specific additional fuel costs for those living in remote and rural parts of the UK; is concerned that diesel in such places is approaching £7 per gallon; condemns the Government for its failure to prioritise the implementation of a fuel duty derogation; and calls for the introduction of a fuel duty derogation to the most remote areas at the earliest opportunity.

The issue of high and spiking fuel prices is one of major concern around the country, as we can witness from the campaigns run by national and local newspapers and by campaign groups local and national the length and breadth of the country. Those campaigns—my favourite is the "fight for fairer fuel" run by *The Courier*—are not driving public opinion but reflecting it.

I was taken by the front page of the newspaper a week or so ago, which stated, "Osborne 'may override 1p fuel duty increase'". The Chancellor had clearly been listening to some of the concerns that had been expressed. The newspaper went on to report that when he was asked on a local radio station if he could do anything about fuel duty, he said:

"We can over-ride it, we are looking at that."

He also seemed to confirm that Ministers were looking into a fuel duty stabiliser so that, as he said,

"the Government steps in to try to protect people from the effects"

of volatility at the pumps.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): It is not just the Dundee *Courier*; the *Stornoway Gazette* is admirably drawing attention to rural fuel derogations in some areas of Europe, particularly Mediterranean islands that do not have the same fuel demands as the north of Scotland. The question has been raised why the matter is taking so long, why it is stalling in the European Commission and why the UK Government are not moving as efficiently and effectively as some European Governments in respect of their citizens' needs.

Stewart Hosie: I will come to the rural fuel derogation in the second part of my comments, but in relation to the *Stornoway Gazette*, I am sure that there are many other such campaigns. My hon. Friend's point reflects what I have just said—this is an issue of extreme concern in many parts of the country.

I was explaining that *The Courier* reported that the Chancellor had suggested that the Government were looking into a fuel duty stabiliser. I was about to say "so far, so good", but unfortunately the next paragraph of the newspaper's front page read:

"The Treasury later played down any suggestion that the Chancellor was announcing any intention to scrap the rise".

The Government's position is clear as mud.

Although the scrapping of a single rise would be extremely welcome, it is not what is fundamentally needed. We need a permanent fuel duty regulator and a stabiliser mechanism that is always in place to smooth out spikes when prices rise at the pump. It is not that the Government do not know that that is needed, because in the very same article, the Secretary of State for Business, Innovation and Skills is quoted as saying, I believe at a Press Gallery lunch:

"It is quite likely that we are going to get a nasty period of high fuel prices."

I say to him that we are not going to get that; we already have a nasty period of very high fuel prices.

In January, diesel in Stornoway was £1.42 a litre—that is almost £6.50 a gallon. In Aviemore, in the Chief Secretary's constituency, the price was £1.38 a litre, which is nearly £6.30 a gallon.

Mr MacNeil: Those prices almost seem cheap now. They have gone up to £1.45 and £1.46 a litre. At Benbecula airport today, I spoke to Rhoda Macauley, who lives in Daliburgh and has a 50 mile round trip to work at the check-in, and is seriously considering whether working is worth her while, such is the price of fuel.

Stewart Hosie: That does not surprise me. In previous debates, after we have experienced high spikes, several Members in the House and elsewhere have reflected their constituents' views that they had almost reached the point when it was not worth going to work, particularly in rural areas with long distances to travel—I will deal with that later—because of the price of fuel. However, that applies not just in Stornoway, Aviemore or my hon. Friend's constituency. In Dundee last week, I paid more than £1.33 a litre—more than £6 a gallon in the city. That is now not uncommon, and it is unsustainable. It is inflationary, decimates family budgets and puts untold pressure on many businesses and business sectors. It is having a catastrophic effect in remote and rural areas. That is why we call on the Tory part of the Government to keep its promise to consult on and deliver quickly a fuel duty stabiliser, and on the Liberal part of the Tory-led Government to keep its promise to deliver a fuel duty derogation for remote and rural areas.

I have said that the high fuel prices are bad for business. The Federation of Small Businesses has told me just how bad. According to its January poll of members, should fuel prices continue to rise, 62% of those polled said that they would be forced to increase their prices; one in 10 suggested that they may lay off staff; more than a quarter said that they could be forced to freeze wages; more than a third said that they would have to reduce investment; and 78% said that rises would put overall business profitability in jeopardy. When we are trying to grow our way out of recession and into sustainable recovery, that is the wrong thing to do.

Mr Mike Weir (Angus) (SNP): I very much agree with my hon. Friend. However, is not the position even worse, given that people in many rural areas and constituencies such as mine have no alternative but to move goods by road? There is simply no other way of getting goods to our towns, which are not served, apart from the coast, by the railway line.

Stewart Hosie: My hon. Friend is absolutely right. In many parts of his constituency, goods must be moved by road. The days of rail terminals in Brechin or Forfar that would take freight are sadly long gone.

Mr Weir: I also point out that the idea that the goods can be moved by rail is flawed in any event because although, as my hon. Friend knows, a rail line goes through the coastal part of my constituency, there is no longer a goods terminal in Arbroath or Montrose, the two stations there. There is no alternative to road transport.

Stewart Hosie: My hon. Friend is right, and I am sure that hon. Members throughout the House will have examples of infrastructure that used to exist, but is no longer there, with the result that 100% dependence on roads is now the case.

Hywel Williams (Arfon) (PC): Does my hon. Friend accept that the high prices also affect rural businesses, where petrol, diesel and other goods, such as groceries, are sold? Those businesses are hit by not only the price rise in fuel, but the cost of carrying goods to their shops. That is a dreadful burden for businesses in rural communities.

Stewart Hosie: That is absolutely right. The price is hugely inflationary in rural areas. It is also a problem in some of the poorer parts of our cities, where car ownership is remarkably low. It means that some people with modest means do not even have the ability to travel to a supermarket, where there may be discounted goods. Instead, they are forced to pay higher prices in certain urban centres. That should not happen.

Sajid Javid (Bromsgrove) (Con): The hon. Gentleman is right to raise this issue and to talk about the impact of high fuel prices on hard-pressed families, but he will know that fuel duty raises about £30 billion for the Exchequer, and that a 1p increase in duty raises about £500 million. His case would be far more powerful if he could outline the public spending he wants to cut so that fuel duty can be cut, because that money must be made up somehow.

Stewart Hosie: The hon. Gentleman makes the same point that the Labour party used to make—something must be cut to fund the Scottish National party proposal. However, the SNP argues that when the price at the pump increases, there is a VAT windfall. In any circumstances, we know that there is likely to be a windfall in excess of £1 billion from the North sea. We believe that that should be used to temper duty increases and to lower the duty level, so that the yield anticipated by the Government does not decrease, and to smooth the effects of the spiking at the pumps.

Sajid Javid *rose—*

Stewart Hosie: I shall move on a little. I have been generous, and I will give way again in a little while.

I was talking about the impact on business and the information provided by the FSB. As I said, 78% of its members who were surveyed in January said that the increase in duty would have an impact on them and put business profitability in jeopardy, which is the wrong thing to do when we are trying to grow our way out of recession. I would have thought that this Government would want to listen to the views of the FSB, not least because small businesses in the UK provide 90% of all our enterprises, and in Scotland they provide 50% of all jobs. They will be engines of recovery in this country.

John Walker, the UK chairman of the FSB, and Andy Willox, the FSB's Scottish policy convenor, said:

"Scottish small businesses want to grow, innovate and create employment but the cost of fuel puts the brakes on their ability to drive the recovery…Every extra penny spent at the pumps is a penny not being spent elsewhere in the economy and our members are finding it hard to plan for the future, as well as survive the present, due to the spiralling cost of fuel."

Mr Brian Binley (Northampton South) (Con): I am most grateful to the hon. Gentleman for allowing me to interject a little on the question of small and medium-sized business. I agree with his thrust that they are vital and that they will provide the jobs growth that the growth agenda requires. However, will he join me in expressing concern that the four increases in fuel duty are not as necessary as we were told they were by the then Government? Does he agree with that?

Stewart Hosie: I believe that the SNP opposed a number of the fuel duty increases. The hon. Gentleman may have been an honourable exception—I hope he was—but my memory tells me that Tory FrontBenchers abstained on some of those increases over the past few years when they were in opposition. He is generally right, but as I said, the debate is not about the cancellation or postponement of a single increase, however welcome that is, but about the implementation of a permanent stabilisation mechanism. Mr Willox said of that debate that:

"The FSB is right behind all moves to introduce a fuel duty stabiliser."

Robert Halfon (Harlow) (Con): I thank the hon. Gentleman for giving way on this very important subject. The Government pay around £7,000 per head per taxpayer in England, and yet they pay £8,500 for every Scottish taxpayer. Does he agree that if that subsidy were reduced, we would have more money across the country to cut fuel duty?

Stewart Hosie: I am always surprised when otherwise articulate, able and intelligent Members do not see the whole picture. When one looks at total tax and total income, rather than the mere, modest fragment of net identifiable expenditure, one sees a rather different story. Prior to the recession—independent figures stand this up—Scotland was about £50 billion in, £50 billion out. As the hon. Gentleman will recall, the UK ran a £0.5 trillion debt before the recession, so his argument is not particularly helpful, and nor does it really pertain to today's motion.

[Stewart Hosie]

Of course, some business sectors are hit rather harder than others. Some businesses have a little leeway in their pricing policy, but some have none. I was struck by the comments of Bill McIntosh, the general secretary of the Scottish Taxi Federation, who said:

"Taxi drivers"—

it is an important trade—

"are affected more than most by increases in fuel. Unlike other transport operators, taxi drivers can't just raise their prices as fares are set by local authorities...The Scottish Taxi Federation welcomes and supports the proposal for a fuel stabiliser."

That is important. The sector has a fixed pricing structure that it cannot adjust and rising input costs.

Many haulage firms—this is an extreme example—have already agreed long-term future contracts with a fixed price. There might be some variation, depending on the uplift in fuel, but it is unlikely, under the contractual arrangements, that they could be compensated for the very quickly and steeply rising input prices. In my view, the haulage sector suffers the largest single impact. According to the Road Haulage Association, operating costs have risen by 3.3% since last October. It tells me that fuel accounts for more than a third of the sector's business costs, and that, in cash terms, an average rise is expected this year of £4,206 on the basis of increases over the past three months alone. That is quite extraordinary—an increase of £4,206 in the running costs per truck.

I suspect that that is why Phil Flanders, the Scottish and Northern Ireland director of the RHA, has said:

"The RHA...supports the SNP/Plaid Cymru motion to urge the Government to take immediate action to resolve the increasingly difficult situation that hauliers—and motorists—find themselves in due to the cost of fuel."

He went on to say that it has always supported these

"proposals for a fuel duty regulator in order to bring stability to the costs of a haulage business where fuel"

in some places

"can account for around 40% of running costs...Whatever it is called—a stabiliser or a regulator"—

or a modulator—

"help is urgently needed for all hauliers and particularly those further from their market such as those in Scotland, Wales and Northern Ireland. Remote rural communities also deserve special help given the exorbitant price they have to pay."

I will say more about that later. He continued:

"It cannot be stressed strongly enough that in the past year fuel prices have gone up by at least 14% and in the last 28 months there have been 8 fuel duty hikes amounting to a 25% increase. This is just simply unacceptable for the economy."

I share that view entirely.

The Freight Transport Association has followed up that support and welcomes the effort

"to develop the fuel duty debate further. Lives and livelihoods up and down the country are suffering in the face of unsustainable and crippling fuel costs. For businesses still in the grip of tough trading conditions these costs severely restrict cash flow and a company's ability to do business; sadly this can translate to job losses and the difference between solvency and insolvency."

It says that when the price of fuel

"rises steeply it has an immediate impact on a company's cash flow."

Given how the banks are behaving, with credit tight and squeezed, cash flow is vital.

The FTA also says:

"As part of the Fair Fuel UK Campaign, the Freight Transport Association and the Road Haulage Association, along with backing from the RAC, are asking government principally to scrap the fuel duty rise planned in April and introduce a methodology for stabilising fuel prices."

Indeed, Fair Fuel UK, which is supported by 20,000 road freight companies, the Royal Automobile Club, dozens of trade associations, other groups and tens of thousands of individual motorists, has said that it supports today's attempt to raise this issue and its impact on the economy on the Floor of the House. It said that this

motion and debate will...add pressure to the Government to act",

and act quickly, on what it calls a "fuel crisis". There is no doubt that this is a crisis. It is also clear that there is not only an assessment of a real, immediate and serious problem, but a clear coalescing of those at the front line about the introduction of a stabiliser as the primary solution.

This is about not simply a fuel duty regulator or stabiliser, however, but the specific problems in remote areas.

Mr Alan Reid (Argyll and Bute) (LD): The hon. Gentleman has outlined the problem, but he has not given the solution. He has spoken for 18 minutes, but has not told us how a stabiliser would work. I would like to hear how it would work, so will he please explain it to us?

Stewart Hosie: The hon. Gentleman has been here long enough to know that this is an Opposition day motion. If he waits until the Finance Bill, I am sure that both I and his hon. Friends will be happy to put forward detailed proposals and provisions, as we have all done on a number of previous occasions. Had he been listening to my response to an earlier intervention, when I explained how the proposal was due to work, he would know that we suggested it in 2005. We presented an amendment in 2008, and the then Conservative Opposition proposed something similar in July 2008. If he holds his horses, I suspect that we will have the detailed provisions for such a mechanism soon enough.

Mr MacNeil: Will my hon. Friend give way?

Stewart Hosie: I am going to make some ground.

This motion is not simply about the fuel duty regulator; it is about the problems in remote areas, where there is no choice but to drive. In a debate on introducing a rural fuel derogation in 2006, the argument was put as follows. The purpose of the proposal—on that occasion contained in a new clause—was to

"enable the Treasury to specify lower rates of duty on fuel to apply in remote rural areas. Hon. Members will know that article 19 of the European Union's energy products directive allows member states to apply for a derogation to allow lower duty rates in specified areas. In October 2004, the French Government, with the support of UK Ministers and Ministers of other member states...did just that, following the example set by the Portuguese and the Greek Governments in previous years."

The argument for applying such a measure in the United Kingdom rested on

"the very serious economic impact that higher fuel prices in rural areas have on areas such as the highlands and islands of Scotland. The truth is that people...in remote areas such as the highlands and islands are victims of a triple whammy. They pay higher fuel

prices and have much longer distances to travel, with few or no alternatives to making those journeys by car. Unavoidably, they spend more on transport than others and therefore also contribute more to the Treasury. Motoring costs represent some 18 per cent. of total household expenditure in rural Scotland compared with 13 per cent. across the rest of Scotland."—[*Official Report*, 4 July 2006; Vol. 448, c. 738-39.]

Those were not my words; they were the words of the current Chief Secretary to the Treasury. I am disappointed that he is not here to stand by his words and make a commitment to drive forward a rural fuel derogation at the earliest possible opportunity.

Mr Reid *rose—*

Stewart Hosie: Before the hon. Gentleman gets to his feet, let me remind him that when the Liberal party last proposed a rural fuel derogation, we backed it. I suspect that some of his colleagues were less forthcoming in backing proposals that we had made, although there were some honourable exceptions who wanted to.

Mr Reid: Now that the Liberal Democrats are part of the Government, the hon. Gentleman should be pleased that the rural fuel derogation is going to happen. We tried for years and the Labour party knocked us back, but now that my right hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) is the Chief Secretary to the Treasury, the rural fuel derogation for the islands is going to happen.

Stewart Hosie: I am delighted to hear that the rural fuel derogation is going to happen. I cannot wait to hear that from a Minister, because the reports that I read earlier tended to indicate a little confusion in the Government's ranks. I hope that that happens soon, for the following reasons.

In the final bit that I want to quote from the Chief Secretary's speech in 2006, he said:

"Median earnings in the highlands and islands are some 85 per cent. of the UK figure, so the inequitable situation"

that he had described

"hits an already poorer region very hard."

He said that, before coming to the Chamber, he had conducted

"a random survey of pump prices for a litre of unleaded petrol. In Aviemore in my constituency...the...price is 99.9p per litre. In Dalwhinnie, a little further south, it is 102p per litre. In Thurso, in the constituency of my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso), it is 102p per litre. In Lerwick, in the constituency of my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael), it is 106.9p per litre. By comparison, at Asda in Leeds the price is 92.9p, while in Morrison's in Camden in north London, it is 90.9p."—[*Official Report*, 4 July 2006; Vol. 448, c. 739.]

In preparation for today, we were told by the AA that petrol cost £1.34 a litre in Portree and £1.42 a litre in Stornoway. With prices now more than 30p a litre more than four years ago, that means an increase of more than £1.30 a gallon—many hon. Members will remember when that was what a gallon of petrol itself cost. If the argument was correct then, when the price was between 90p and £1 a litre, it is even stronger today, when the price is £1.30 a gallon more.

Mr MacNeil: Does my hon. Friend remember just how full the Chamber used to be of Liberal Democrat Members when the prices were 30p a litre cheaper? Now, following the massive increase in prices and the real rural pain being felt as a result, where are they? I see two Liberal Democrats here today. Any more? Please stick your hands up! No, just two Liberal Democrats. Shocking!

Stewart Hosie: My hon. Friend makes his point in his own inimitable way. I have to say that I cannot remember a time when the House was ever full of Liberal Democrats, but I think I know what he means.

I want to raise three specific issues in relation to the vital importance of the rural fuel derogation. In urban, built-up areas, 95% of people live within 13 minutes of a bus stop with a service more than once an hour. That compares with less than half of residents in villages and hamlets. Before any Member gets up to make a point about that, let me say that I know that there are parts of every constituency in which there are no bus stops, no bus services and no choice but to use a car.

Mr Weir: I am following with interest what my hon. Friend is saying. Did he read the report in *The Guardian* this morning which suggested that many English local authorities were slashing their subsidies on bus routes, which will lead to the closure of those routes in many rural areas? Does he agree that that would make the situation very much worse in rural areas of England as well?

Stewart Hosie: I have not seen that report, but those developments will clearly make things difficult in areas that depend on those subsidies. I hope, in the light of the price of fuel, that local authorities and the Government will try to ensure that as many bus services as possible, particularly lifeline services, are maintained. The key point about living in remote and rural areas is that there are fewer alternatives available, and in some cases, no alternatives at all. The use of a car in those areas is vital.

Hywel Williams: The lowest wages in Wales are in Powys, in the middle of Wales. Powys also has the highest incidence of car ownership, with many families having to run two cars because of the lack of public transport.

Stewart Hosie: My hon. Friend touches on an important point. It has been mentioned already that car ownership is normally a sign of wealth and affluence, but in remote, rural and sparsely populated areas, people on almost every level of income, including those on low and modest wages, require a car. That results in their spending a disproportionate amount of their net disposable income on fuel.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): A further point that the hon. Gentleman will recall from the many debates that we have had on this subject is that people in my constituency and elsewhere who earn below the average wage often cannot afford to buy good, modern cars. Their cars are therefore much more costly to run. That is part of the triple whammy that I remember talking about six or seven years ago.

Stewart Hosie: There are whammies after whammies, and the hon. Gentleman is right to say that the use of a car can be a necessity, and that people have to buy whatever they can afford. Also, if the roads are not

[Stewart Hosie]

quite as good as they ought to be in remote and rural areas, that can pose its own problems, especially in winter.

There are three key issues in this debate. The first is the lack of choice, which is very important. The second, which I hope urban Members will recognise, is the fact that the average mileage per year travelled simply to access essential services in rural areas is 8,794 miles. The comparator in urban areas is 5,200 miles. So the people in rural areas have no choice, and the distances that they have to travel are far greater. On top of that, the third factor is the price of fuel.

I am grateful to the BBC, which reported on 22 January that the RAC Foundation had found that some filling stations in Orkney were charging £1.50 a litre, which is £6.82 a gallon. An increase of only 4p or 5p per litre would result in the £7 gallon, which, because people have no choice, they would have to pay in order to travel the greater distances necessary in rural areas to access the services that most of us take for granted.

The time for talk and promises on fuel is over. There is now an absolute necessity for the Government—both bits of them—to deliver on their promises. We need to put the stabilisers on rocketing fuel prices now, before the brakes are slammed down on any chance of economic growth.

5 pm

The Economic Secretary to the Treasury (Justine Greening): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"notes the dramatic increase in the world oil price to over $100 per barrel; further notes that there has been a significant impact on fuel prices in the UK as a result; recognises the impact this has on households and business; notes that the previous administration's rises in fuel duty that have taken effect during the past year have further increased prices; further notes that the Government inherited the largest deficit in UK peacetime history, that the previous administration had no credible plan to deal with the deficit, that the Government has been clear that everyone will make a contribution to tackle the deficit but that the most vulnerable will be protected, and that the Government is considering a fair fuel stabiliser that could support motorists and businesses when oil prices are high; further notes that the Government in addition is taking forward swiftly its commitment at EU level to introduce a pilot scheme that would deliver a discount of up to 5 pence per litre in duty in remote rural areas such as the Inner and Outer Hebrides, the Northern Isles and the Isles of Scilly; and further notes that the Chancellor will update the House on all fiscal matters at the time of the Budget."

We have long recognised on this side of the House—both parties in the coalition Government—that the price of fuel has been a very difficult issue for motorists, businesses and families up and down the country. I know that it is a particular concern for people living in our rural communities, and no doubt many Scottish Members who hope to participate in the debate will make points on behalf of their constituents and echo the concerns set out by the hon. Member for Dundee East (Stewart Hosie). I am sure that other Members representing rural seats will also want to set out their concerns.

There is no doubt that rising oil prices and their impact as they feed through to the petrol pump have been a real concern. In fact, even before we came into office, both coalition parties had committed to looking at the issues surrounding the cost of the fuel, as the hon. Member for Dundee East has pointed out. Let us be clear, however, that the last Government chose completely to ignore this whole area. They believed that the challenges posed by these problems were too great. When we were talking about alternatives to help families, hauliers and motorists, they said that it was all too difficult and that the issues were way too complex.

Let me state at the outset that we would be interested to hear from the Opposition whether they stand by the fuel duty escalator—the one that they put in place before the election; it is a bit like reaching from the political grave into taxpayers' pockets. Or do they believe that that policy was a mistake? Are we to be treated to the spectacle of Labour Members arguing not only against the Government's measures across a whole range of areas, but against the measures they put in place before being booted out of office? We have taken a very different approach to fuel prices to that of the last Government.

Mr Weir: I am listening carefully to the hon. Lady and it is not my place to defend the Labour party, as we spent much of the last Parliament attacking the Labour Government and their fuel policy, which was disgraceful. It is interesting to see that so few Labour Members are here today. However, the Economic Secretary is now in government: what is she going to do and when is action going to come? The problem is getting worse by the day, and unless action is taken soon, it will be too late for many businesses in rural Scotland.

Justine Greening: I can assure the hon. Gentleman that I shall set out our approach to policy in this regard in the run-up to the Budget in my further comments, but we need to recognise that the fuel duty escalator was put in place by the last Government. They have, I believe, a blank piece of paper that is called their economic policy, and they owe the House the honesty of being transparent about whether they believe that putting that policy in place was the right or the wrong thing to do.

Mr MacNeil: Far be it for me to draw it to the hon. Lady's attention, but since last May she has been in government. We want to know—in Lewis, in Harris, in North Uist, Benbecula, South Uist and Barra—what she is going to do about the price of fuel.

Justine Greening: The hon. Gentleman will be pleased, as I have looked at the Scottish National party website today and seen the letter he wrote to voters last April, in which he said that it was the SNP who first called for this "derogation" for fuel areas. I can assure him that I am getting on with that very policy.

Mr MacNeil *rose—*

Justine Greening: Presumably, the hon. Gentleman wants to intervene again to welcome the efforts of the coalition Government.

Mr MacNeil: I will welcome those efforts when they bear some fruit. We had four years of shilly-shallying from Labour—and I do not want to hear any more shilly-shallying from any Government from the Treasury Dispatch Box.

Justine Greening: In that case, I can tell the hon. Gentleman how he can help. It would be helpful if his party wholeheartedly supported the Government's proposal to the European Union and the European Commission as we go through the process of securing the derogation. I assure him that we will be more powerful if we adopt a cross-Government, cross-devolved-Administration approach.

Stewart Hosie: The Minister is asking the Scottish National party and our friends to support the Government's efforts in Europe. Will she please tell us whether the Chief Secretary has finally managed to write to the European Commission asking for the derogation?

Justine Greening: The hon. Gentleman will be aware that the derogation will come about as the outcome of a process. He seems to be asking me whether we are getting on with that process, and how much progress we have made. I trust that if I explain what the process is, what we have done so far and what will happen next, he will have been given so much information that he will find it necessary to take a more considered approach.

Let me explain the timing involved in the process leading to European Union and Commission clearance. We must begin by undertaking informal talks with the Commission abut the implementation of the scheme. That will give us a better chance of presenting a proposal that it will agree is, as it were, right first time. As Members have pointed out, similar schemes exist in other countries. It is sensible for the Government to engage in a process that includes talking informally to the European Commission about those schemes, and about the ways in which our scheme may resemble or differ from them.

Mr MacNeil: Will the Minister tell us how long it has taken other Governments to proceed from the informal talks stage to implementation of a rural fuel derogation, and how long she thinks it will take this Government to do so? Time is of the essence.

Justine Greening: Obviously it will not be a short process involving a few weeks, but I think that the hon. Gentleman and his party know from their experience of the process involved in calling for the derogation that the route that we are taking can provide real support for motorists in rural areas.

Robert Halfon *rose—*

John Thurso *rose—*

Justine Greening: I will give way to my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso), because he tried to intervene earlier.

John Thurso: I think I heard the Minister quote from a letter from members of the SNP saying that they had thought of the derogation first. In fact, it was first raised in the House of Commons in 2000 by my predecessor in the constituency, now Lord Maclennan. I fleshed it out in a debate that I held in Westminster Hall in 2001, and I think I have raised it every year since then. Given that the matter was raised over a period of 12 years, is it not commendable that this Government have done more in six months than the last Government did in those 12 years?

Justine Greening: I agree with my hon. Friend. I too remember his party, before it joined the coalition Government, making the case for a rural fuel rebate.

I now give way to my hon. Friend the Member for Harlow (Robert Halfon), who tried to intervene earlier.

Robert Halfon: I welcome the debate, because hard-pressed constituents of mine, especially small businesses and families, are suffering hugely as a result of high fuel costs. May I make a special plea? National health service workers in my constituency who have to use their cars to visit patients receive tiny fuel allowances—in some cases, only 12p per mile—which remain the same regardless of the price of fuel. Will my hon. Friend consider changing the guidelines so that NHS workers need not suffer in that way?

Justine Greening: I shall ensure that I respond to my hon. Friend on that issue. A variety of concerns about the cost of motoring have been expressed in constituencies throughout the country in recent years.

I hope I can reassure Opposition Members that we are getting on with the process of requesting a derogation by trying to arrange some pilot schemes. I am sure they will be pleased to learn that, although we are still considering the exact scope of the pilots, we have announced our intention of including the Inner and Outer Hebrides, the Northern Isles and the Isles of Scilly, should we be given the necessary dispensation. I assure Members that we are pressing ahead as fast as we can, and we should appreciate their support in helping us to complete the process. I hope that they will be able to overcome any political barriers, do the right thing and back up the coalition Government as we go through this process over the coming months.

We recognise the importance of fuel prices to motorists and businesses. While we are looking at options in the run-up to the Budget, which I will discuss this afternoon, we can have one of two debates today: we can continue to argue about the problem and waste the opportunity presented by today's debate by scoring points, or we can have a frank and open debate about how to reach the best solution and how we can find common ground. For instance, do we agree that the price of fuel and the affordability of motoring are important for motorists? The answer is yes. Do we agree that the unpredictable way in which the oil price fluctuates can create difficulties for households and businesses when it comes to budgeting? The answer is yes, although the Labour party never recognised that point in government, and I doubt whether it recognises that point in opposition—if it does, perhaps the hon. Member for Bristol East (Kerry McCarthy) will explain why it has suddenly changed its mind after having been booted out by the electorate.

Kerry McCarthy (Bristol East) (Lab): I am pleased that the Economic Secretary wants to have a constructive debate this afternoon and does not want to engage in party political point scoring. Given that conciliatory approach, will she confirm that a Conservative Government were the first to introduce the fuel duty escalator at 3% in the March 1993 Budget, which they increased to 5% in the November 1993 Budget?

Justine Greening: The hon. Lady wants to go back into history. The previous Labour Government left a huge fiscal deficit, and we have to get to grips with those ginormous debts, so the position is entirely different.

[Justine Greening]

The previous Labour Government left not only debts and deficit, but tax rises that will unfold over the coming years. In opposition, the Lib Dems and the Conservatives discussed helping motorists, and we still want to see what we can do to help them. Given the state of the public finances when they were handed over to us, the Labour party in opposition should be thoroughly ashamed. We have waited in vain for an apology to the British people for the state of the public finances, and I suspect that we will have a long wait before we hear any of them say, "Sorry."

The most depressing thing is that the main adviser to the former Chancellor and former Prime Minister, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), is now shadow Chancellor. It is like returning the car keys to the man who crashed the car in the first place, which is the worst thing for the British electorate.

Mr Stewart Jackson (Peterborough) (Con): The issue is not about going back into pre-history to discuss what a previous Conservative Government did 18 years ago. Her Majesty's Opposition are not willing to make it clear where exactly the 20% public expenditure cuts would come from to pay for their opposition to tax rises. Is that not the real issue? We are paying £120 million a day in debt interest because of their debt legacy.

Justine Greening: My hon. Friend is right. We do not even know whether the Opposition think that going ahead with the fuel duty rise, which they planned, is a good idea. We know that they rejected calls from Opposition parties to look at alternatives when they were in power. Perhaps the hon. Member for Bristol East will explain her party's position today.

My hon. Friend is also right to point out the difficult challenges that the current Government face. He has rightly pointed out that the level of deficit and debt that we have been left as a country costs the British taxpayer £120 million every single day. To put that in the context of a 1p a litre rise in fuel duty, which is worth £500 million, the British taxpayer will pay as much in debt interest over the course of four or five days as they will pay in fuel duty, if fuel duty is subject to a 1p a litre rise. That demonstrates two things, the first of which is the importance of tackling the deficit. Clearly, this country cannot continue to pay this expense of £120 million a day and it has to be tackled, because we are spending more on servicing our debt than on transport. The challenge for this country is that if we do not get this £500 million of real money from fuel duty, it has to come from somewhere else. The Government have made it clear that they want to try to protect key spending, for example, on the NHS—the Labour party did not want to do that—and schools.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): Does the hon. Lady agree that it would be unfair for the disproportionate burden of that tax to fall on people in rural and remote areas?

Justine Greening: As I have said, the Government recognise the particular pressures that motoring costs put on people living in rural areas, which is one of the reasons why we want to try to get a derogation and undertake pilot schemes in some of those areas to see whether we can implement a rural fuel rebate. I hope that the hon. Lady acknowledges that we recognise those challenges.

Naomi Long (Belfast East) (Alliance): Does the Minister recognise that this is about not only the significant issue of rurality but remoteness from the marketplace? In Northern Ireland, it can be incredibly difficult, even in urban constituencies such as mine, for those who wish to trade to reach the marketplace; added costs can be involved, reaching from Northern Ireland on to the UK mainland.

Justine Greening: The hon. Lady is right in that few Members in this House would not have their own particular reasons for raising the issue of the cost of motoring with government. This issue is clearly a real challenge, which is why the Conservative party acknowledged it in opposition and said that we wanted to examine how we could tackle some of the key issues.

The hon. Lady also referred to the impact of fuel duty on businesses. That is one of the reasons why our emergency Budget introduced a package of corporation tax reductions for companies, as she will recall. Small companies will now face a corporation tax rate of 20% whereas they were facing a rise to 22% under the previous Government. We also introduced reductions in national insurance, getting rid of the worst effects of the proposed jobs tax. We can support businesses in a number of ways to help them through a very challenging economic situation created by the previous Government.

Mr Weir: I reiterate a point that I made in last week's debate about the Department for Business, Innovation and Skills: the Government keep saying that they have reduced corporation tax and although that is welcome for small companies, very many small businesses in our areas do not pay corporation tax. They are single traders or partnerships that pay income tax, so they are not being helped by these measures and being hammered by the VAT rises and the fuel cost rises.

Justine Greening: The hon. Gentleman will know that alongside those measures to support companies, particularly small ones, I could have mentioned the regional growth fund and the regional reduction in national insurance for new start-up companies creating new jobs. He will also be aware of the rise in the personal allowance, which has removed about 880,000 people from paying income tax altogether. We have also raised the threshold for national insurance, which means that employers no longer have to pay employer national insurance for thousands of employees. Across the board we are doing what we can, despite the challenging financial deficit left to us. We are doing what we can to make sure that we tackle the overriding priority of sorting out the deficit—that is what we have to do. For motorists, companies, families and unemployed people wanting to get back into the employment market and get a job, we have to get the economy back on its feet and public finances back on a sustainable footing. At the same time, we understand the pressures and challenges for motorists.

As things stand, there are alternatives for the devolved Administrations. I have to challenge hon. Members representing the Scottish National party in Scottish constituencies on whether they have considered using some of the devolved Administration budget to fund their own grant scheme to support motorists in their areas. They have taken different decisions on tuition fees to those taken in England and there is now additional scope for them to see this issue as a priority for their spending, as well as for the national Government to consider how we might be able to help in terms of tax policy.

Mr MacNeil: I want to ensure that the hon. Lady is aware of the importance of what the devolved Scottish Government—in what is an independent Parliament without the powers of independence—have done for the Outer Hebrides. We have introduced road equivalent tariff pilots, which have substantially reduced transportation costs, but the difficulty is that when the Scottish Government produce schemes that stimulate and grow the economy, the tax revenue goes not to our Government but down to Westminster. We are doing good work, but there is a double whammy: as we stimulate the economy, Westminster benefits, and then it comes and sticks on a fuel tax—thank you!

Justine Greening: I think the hon. Gentleman is taking the debate slightly wider than the wording in the motion. However, I will say to him that the measures we are taking are designed to get our economies in his part of the United Kingdom and the rest of it back on their feet. I hope that he welcomes the tax reductions we are bringing forward.

Stewart Hosie: Will the hon. Lady give way?

Justine Greening: I will give way one last time, and then I shall make a little progress. I have been generous in taking interventions.

Stewart Hosie: The hon. Lady has been very generous indeed. She asks us to welcome the actions that the Government have taken in terms of a deficit consolidation plan. I like and respect her, but I will never welcome a £1.3 billion cut to the Scottish budget this year and a £3.2 billion cut to the Scottish block over the next four years. That is the wrong thing to do in terms of stimulating economic growth and growing our way out of the recession. If we could focus on the fuel duty, that would be particularly helpful, unless of course she wants to devolve the duty to Scotland, in which case I would be absolutely delighted as we could take all the right decisions.

Justine Greening: I am sure that the hon. Gentleman will be aware of the Goodison review and that the Scotland Bill is passing through Parliament right now. We are making some changes on tax, and I think he will welcome those measures to strengthen the devolution settlement.[1]

I shall now, as I am sure the hon. Gentleman would like me to, address my comments to the measures we have been talking about and what we are considering. Only this Government have been looking at how best to help drivers, including those in Scotland and Wales. We have demonstrated our concerns about these issues both before and since coming into government. Indeed, one of the first things that the coalition Government did was to get the Office for Budget Responsibility to look at how oil prices affect the economy and feed into public finance.

This is a complex issue, and we have to make sure that whatever we do is not only fair but affordable. It would not be right of me to pre-empt the Chancellor or the Budget, but, as we promised in the June Budget, we are considering a range of options. We have already discussed the rural fuel duty rebate. The Government understand the challenges faced by people in rural areas in relation to fuel costs, which those of us in city and urban areas perhaps do not face. I know that those people cannot easily shop around nearby petrol stations to get the best deal in the way that other people can. I understand the arguments about the lack of public transport as an alternative and that the car is often the most realistic mode of transport. That is precisely way we are working towards getting a derogation so that we can get on with putting in place pilots to look at how a rural fuel rebate would work.

Dr Whiteford: Is it intended that at a future date the derogation pilots should extend to other rural and remote parts of Scotland not included in the current pilot scheme?

Justine Greening: We have yet to decide the exact scope of the pilots. I assume from her question that the hon. Lady would like her area to be included. No doubt she will write to me formally. I will take her comments on board. As I said, we are already working towards putting in place the pilots for a rural fuel duty rebate which will reduce the cost of fuel in the most remote areas of Britain. As with trying to tackle the feed-through of unpredictable oil prices to the pump prices, the previous Government rejected that outright, but the coalition Government are committed to getting it under way.

As my right hon. Friend the Chief Secretary announced in October, we wish to conduct a rural fuel duty pilot and look at how a rural fuel duty rebate could work in practice. We want to examine the underlying issues and see how that could be applied. The initial pilot could deliver a duty discount of up to 5p per litre on all petrol and diesel. That would save some drivers in rural areas upwards of £500 a year.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): As part of the derogation, will my hon. Friend please make sure that the definition of "rural" is a great deal more scientific than it has been in previous attempts? Will she also make sure that the interests of Wales are not left out?

Justine Greening: My hon. Friend makes a relevant point. One of the reasons that our initial discussions with the European Commission are so important is that they are an opportunity to scope properly any rural fuel duty rebate, why we would introduce it, where it would apply and the basis on which it would take place. In other countries, specific arguments have been made for the particular areas where such rebates were allowed by the European Commission. The benefit of going through the process, as we are doing, is that it maximises the chance that any proposal that we make will be given the go-ahead.

1. *[Official Report, 15 February 2011, Vol. 523, c. 3MC.]*

Mr Stewart Jackson: I thank the Minister, who is being very generous. The House will forgive me if I do not join in the excitement of our Scottish colleagues at the largesse of my English taxpayers footing the bill for their constituents. Will my hon. Friend take representations from areas such as mine, which is a travel-to-work area and essentially urban, but where there are pockets of social deprivation and low wages, such as the fens? In future, will she and her colleagues perhaps consider that such areas also require some support and assistance from the Treasury with significant increases in fuel duty, which have an impact on working life there too?

Justine Greening: My hon. Friend, as ever, represents his constituents powerfully. The point I would make to him and to the House is that we have inherited a huge fiscal deficit and eye-watering levels of debt, and we have to get the public finances back on to a sustainable footing. We must make sure that the economy is back on a sustainable footing too, creating long-term jobs, and that the economy is balanced so that it is less exposed to the peaks and troughs of economic winds than it was, perhaps, over the past decade.

That is the best way to help people across our country so that they are less reliant on Government giving them this, that and the other, and so that they can be reliant on themselves and choose where they spend their money and what they spend it on, instead of being reliant on somebody from Whitehall telling them.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): Does the Minister recall that when the fuel duty escalator first came in, it was meant to be a green tax? The environment was meant to benefit from the imposition of that year-on-year tax. As far as I know, it has not benefited the environment. It has just been a nice little earner, and now it is terribly heavy on rural dwellers and in the urban context as well. I, for one, appreciate the fact that Government are looking at the issue, and I hope they come up with a fair solution.

Justine Greening: There is undoubtedly an environmental aspect to how fuel duty changes over time, because people do change their driving behaviour. The hon. Gentleman's point is that clearly we are all concerned about the affordability of motoring, which has been an issue in the past few years, and particularly today. In the long term, of course, the best move is to help people not to have cars that are so dependent on petrol and diesel and therefore prey to the fluctuations in the oil price market in the first place, but that is a debate for another day. That ties in to his earlier points about the environment.

Let me wrap up my remarks, because hon. Members wish to speak and I do not want to take up any more time. We are considering the exact scope of the rural fuel rebate scheme, and Members from Scotland will welcome the fact that the Inner and Outer Hebrides, the Northern Isles and the Isles of Scilly will certainly be included. It is not quite as simple as people suggest; there is complexity, so we are taking some time to work through it.

Katy Clark (North Ayrshire and Arran) (Lab): The Minister has taken a number of interventions, which we are grateful for. I have written to her about part of my constituency, the Isle of Arran, where fuel prices are often the highest in Scotland. There has been a great deal of debate about what criteria will be used to choose the pilots being considered. Arran already does badly as a result of the equivalent scheme brought in by the SNP Administration in Holyrood, so will she look at Arran when considering these issues and perhaps expand on the criteria that will be used, either today or at a future opportunity?

Justine Greening: I can only reiterate what I have just said, which is that we are considering the exact scope of the scheme, but it is helpful to hear some of the issues that Members have in their constituencies. We are pressing ahead and will need European approval.

Kerry McCarthy: Will the Minister give way?

Justine Greening: I will give way one last time.

Kerry McCarthy: The Minister is being very generous. I am slightly confused, because my understanding was that it was Conservative party policy to look at the fuel duty stabiliser and Liberal Democrat policy to look at the rebate and the rural derogation. She has spoken for more than half an hour and focused almost totally on the rural derogation, so will she, before concluding her remarks, tell us the current position on the fuel duty stabiliser?

Justine Greening: I think that I have been very clear on that. In opposition and in government, we have always recognised the impact on motorists of the unstable oil price, which feeds through to pump prices. In setting up a stabiliser, we need to ensure that it works as intended, so the first step was to ask the Office for Budget Responsibility to look at how oil prices feed into the economy and affect public finances. We have commissioned that work, as the hon. Lady will know, and now need to take on board its outcomes before looking at how it feeds into policy making. It would not be right to pre-empt the Budget. Indeed, when the hon. Member for Dundee East was asked for further details, he said that he needed some time, which indicates that this is a complex policy area—too complicated for the Labour party when it was in government.

In conclusion, we want to treat motorists fairly, but we must also act responsibly by ensuring that we tackle our record national debt and the financial deficit, which will not be easy. I will not hide from the House the fact that that is a difficult balance to strike, so difficult that the previous Government chose to ignore it completely. That is also the approach they have adopted for tackling the deficit, offering no credible alternatives to our policies and, in the case of fuel duty, no viable alternatives to their own policies, because it is their fuel duty escalator that is causing the problems.

Once again, it has been left to the coalition Government to clear up the mess left by the Labour Government and look at how we can reach a fair resolution on fuel duty, get our economy back on its feet and support our businesses, families and, in this case, motorists. I look forward to the rest of the debate and hope that we can have an open and honest discussion on the problems faced by motorists across the country and possible solutions. I look forward to hearing from Members in the run-up to this year's Budget what they think is the best way forward.

5.35 pm

Kerry McCarthy (Bristol East) (Lab): I congratulate the hon. Member for Dundee East (Stewart Hosie) on making a powerful case on behalf of his constituents—along with the interventions from his colleagues—about the impact that people living in remote rural areas can feel as fuel prices go up. He did make a very powerful case on behalf of his constituents, and Labour Members do understand the impact that motorists are feeling as fuel prices go up. I might represent an urban seat, but as a Member of Parliament in the south-west I am very much aware of the issues that are faced.

Stewart Hosie: I thank the hon. Lady for saying that I made a powerful case, but Dundee East is very much an urban seat. It has a rural hinterland of course, but my constituency is half the city. I know where Bristol is; a wee bit of geography would be great.

Kerry McCarthy: The hon. Gentleman makes a valid point. He was speaking on behalf of his colleagues in the more remote parts of Scotland, obviously, rather than on behalf of his own constituents. I thought that perhaps his constituency stretched a little further than the city boundaries.

For Governments, when considering fuel duties there is always a difficult balance to be struck among the needs to raise revenue and balance the public finances; to address environmental concerns about increasing road traffic and emissions, to which there has not been much reference in this debate; and to ensure that the motorist and especially people who have to rely on their cars—people who do not have a choice because of where they live and the environment in which they live—are not disproportionately penalised. The previous Labour Government endeavoured to strike that balance, despite the points that the Economic Secretary to the Treasury made. That was why, for example, in years when fuel prices rose, Labour chose to put the fuel duty escalator on hold—to help motorists meet those rising costs. It is a tricky balance to strike, however, as today's debate demonstrates, and there are no easy answers.

Justine Greening: To clarify matters, is the formal Labour party position that the fuel duty rise should now go on hold?

Kerry McCarthy: If I can adopt the mantra that the hon. Member for Dundee East first used and the Minister then picked up on, I should say that that is a matter for us to discuss when we get round to the Budget negotiations. Today, we are here to discuss the two main proposals to ameliorate the impact of rising fuel prices, particularly on rural areas. We are talking about rural areas, rather than about fuel duty prices across the board.

The dog that has not barked during this debate—the thing that was most noticeably missing from the Minister's speech—is the fact that motorists are being hit hard by the increase in VAT to 20%, which has helped push petrol prices up to their current record levels.

Stewart Hosie: It suddenly strikes me that, when the Labour Government had their fiscal stimulus policy, they cut VAT by 2.5 percentage points and increased fuel duty by 2.5 percentage points to compensate, but that, when VAT went back to 17.5%, the fuel duty rise was maintained. Does Labour now regret not reducing fuel duty in line with the increase in VAT?

Kerry McCarthy: Those matters were also affected by fuel prices at the time, but it is not my position to apologise for, or to express an opinion on, what my predecessors did.

The VAT rise now is the important thing. VAT went up at the beginning of the year from 17.5% to 20%. According to the Library, the VAT rise increases the cost of a litre of petrol by about 2.6p, assuming that it is passed on in full. That compares with the fuel duty increase in January of 0.76p per litre, so the VAT rise to 20% is hitting the motorist harder and people in rural areas, who rely on their cars most and have to travel longer distances, particularly hard.

Mr MacNeil: Is there any tinge of regret among Labour Members that for at least four years the previous Government did absolutely nothing on a rural fuel derogation?

Kerry McCarthy: I will deal later in my speech, if I may, with the rural fuel derogation and the problems that we see in implementing it.

The VAT rise did not have to be imposed. It flew in the face of all the warm words that Conservative politicians uttered before the election about ending the war on motorists, helping hard-hit families and keeping fuel costs down, but now it has been done and motorists are paying the price.

Let me turn to the fuel duty stabiliser, or regulator, which the Minister glossed over very quickly.

Mr MacNeil: If we are talking about glossing over, I feel that the hon. Lady glossed over my question. Will she take this opportunity to apologise for her Government doing nothing for four years on the rural fuel derogation?

Kerry McCarthy: As I said, I am coming on to the derogation, but it is not my place to express such opinions.

In principle, on paper, the fuel duty stabiliser sounds like a fairly simple, reasonable proposition—as oil prices go up, fuel duty goes down, and as oil prices drop, fuel duty goes up, so the motorist pays more or less the same for fuel and the Exchequer gets more or less the same in revenue. However, economics are not that simple.

The idea of the regulator has been floated for some time. During the debate on the 2008 Finance Bill, the Scottish National party spokesman, the hon. Member for Dundee East, suggested that a statutory instrument should implement an automatic mechanism so that as additional income from VAT receipts came in, it could be used to offset fuel duty in direct proportion. However, the regulator was based on rises in oil prices, not on rises in VAT receipts. It was assumed that one would flow from other—the hon. Gentleman reiterated that assumption today—but that is not necessarily the case, as the Office for Budget Responsibility has said.

Stewart Hosie: Will the hon. Lady give way?

Kerry McCarthy: I would like to make some progress.

[Kerry McCarthy]

There are other concerns about the stabiliser. The then Liberal Democrat spokesman, who is now Secretary of State for Business, Innovation and Skills, said at the time of the 2008 Finance Bill debates that the idea of a fuel duty regulator was "unbelievably complicated and unpredictable". He said that the Exchequer would have to predict the net windfall, and then:

"May I suggest that there might not be any net windfall at all?"—[*Official Report*, 16 July 2008; Vol. 479, c. 339.]

The OBR has now confirmed that.

Labour's then Chief Secretary to the Treasury said:

"In the face of a world slowdown, to take any one tax in isolation and claim that there is a windfall available to spend is economically illiterate, irresponsible or just disingenuous."—[*Official Report*, 16 July 2008; Vol. 479, c. 331.]

She was basically saying—this was echoed by the hon. Member for Taunton Deane (Mr Browne), who was the junior Liberal Democrat spokesman at the time—that we cannot consider these revenues in a silo. Yes, oil revenues might go up, which might provide a boost to the nation's finances—although I stress the word "might", because it does not necessarily follow that increased revenues come from increased oil prices—but other things might happen that affect revenue flows, and it is irresponsible not to look at everything in the round. Hypothecation can box us into a corner and hamper our choices, and that is a real problem in the case of the stabiliser.

Justine Greening: Was the Chief Secretary who referred to economic illiteracy the same Chief Secretary who left us, as an incoming Government, a note saying that there was no money left?

Kerry McCarthy: No, I was referring to my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper). The Minister may have got the hint when I said "She".

If a stabiliser were introduced, there is the question of whether the cut in duty would be passed on to the consumer at the pump. That would be very difficult to achieve without further Government enforcement and interference. I am not sure how that would square with the Government's purported dearly held belief in the free market and dislike for state interference in the operation of the free market.

Mr Reid: Yes, that issue must be considered, but the whole point of a pilot scheme is to enable us to work out whether the cuts are being passed on, which the Government would monitor. The hon. Lady's argument is no case for not having a pilot scheme.

Kerry McCarthy: I thank the hon. Gentleman for that intervention, but I am talking about the fuel duty stabiliser. I appreciate his confusion, because that has not been discussed much in this debate. The rural derogation is a separate issue. I am talking about how a stabiliser would be enforced.

Despite the concerns about a fuel duty stabiliser that were raised during the 2008 Finance Bill debates and afterwards, and the obvious difficulties in implementing one, the Conservatives could not resist dangling the prospect of reduced petrol prices before motorists' eyes. They published a consultation document in July 2008, which proposed the stabiliser:

"when fuel prices go up, fuel duty would fall. And when fuel prices go down, fuel duty would rise".

That continued to be Conservative party policy until polling day. A week before polling day, the Prime Minister told voters on a visit to a Coca-Cola plant that

"we'd be helping with the cost of living by trying to give you a flatter and more constant rate for filling up your car".

It was suggested by Conservative politicians in the media that it would be included in the new Government's first Budget.

Before the election, this Government made all the right noises about tackling high petrol prices. They led the public to believe that they would take action to slash fuel duty and bring down the price of petrol at the pumps. Since then, they have done nothing. Actually, that is not quite true. They have done nothing to implement the fuel duty stabiliser, which they made such a song and dance about before the election, but they have hit the motorist by whacking up VAT to 20%. They have increased petrol prices, not cut them.

Even the Office for Budget Responsibility, set up by this Government to give independent, impartial advice, has said that the fuel duty stabiliser would not work. The underlying economics of the stabiliser contain a simple, basic assumption that when oil prices rise, the Government receive an unexpected windfall from taxes on North sea oil production. The OBR said that that is not the case, at least not in the long term. In "Assessment of the Effect of Oil Price Fluctuations on the Public Finances", which was published on 14 September last year, the OBR reported that a temporary rise in the oil price would have a negligible effect on the UK public finances, and that a permanent rise would create a loss. The OBR said that it would be difficult for the Government to introduce a fair fuel stabiliser without a significant cost to the Exchequer:

"There is no improvement in the public finances to be used for stabilising the pump price in the case of a permanent shock."

In fact, a permanent increase in fuel prices would have a negative impact on the public finances after a year, given the effects on demand, inflationary pressures, household income and consumer spending.

Stewart Hosie: The hon. Lady seems to be labouring under a misapprehension. The fuel duty regulator would temper spikes. If there is a structural change in the oil price, the baseline figure against which a trigger is measured has to be reset. We have all seen the OBR figures, but the OBR does not say that we should not have a short-term stabiliser to stop spikes; it says that there is no benefit in the long run, as she said. The regulator is designed to smooth out short-term spikes, not to stop structural changes in the oil price.

Kerry McCarthy: What I am saying is that a correlation between oil price movements and revenue has not been established by the OBR. In fact, it has said that that is not the case and that in the short term a temporary rise in the oil price would have a negligible impact on revenue. Therefore, the question is what money would be used to offset the stabiliser or regulatory mechanism that the hon. Gentleman's party wants. If it does not come from the revenue, where does it come from?

Stewart Hosie: I remind the hon. Lady that the OBR's press notice was clear that the temporary £10 rise would deliver an overall effect in year 1 of £100 million. That is not insignificant.

Kerry McCarthy: The new head of the OBR, Robert Chote, said in an interview about a week ago that its analysis

"suggested that a fair fuel stabiliser would be likely to make the public finances less stable rather than more stable".

If a £10 increase in oil prices was passed through, the assumption is that it would add 7.4p per litre at the pump. To offset that would cost £3.7 billion, which is £1.3 billion more than the consequential rise in oil and gas revenues. It might have been a good idea for the Conservative party to carry out that sort of analysis before making promises that it could not keep. All the Economic Secretary has to say today is that the Government will consider the OBR's report.

I also ask the Economic Secretary what conversations she has had with people in the industry about the impact of fuel prices. I have been contacted by the Retail Motor Industry Federation, which tells me that it has written to the Chancellor and Prime Minister four times about the matter recently, with no response at all. It has stated that the Government have

"made no attempt to engage with industry"

and that it wants the policy of a stabiliser to be dropped, because it would be

"costly and a huge administrative burden".—*[Interruption.]*

Sorry, is the Economic Secretary saying that the RMI has not written to the Chancellor or the Prime Minister?

Justine Greening: The hon. Lady says that there has been no engagement, which is completely wrong. Only about three weeks ago, we held a workshop on tax policy in relation to travelling and the environment, at which a range of stakeholders from a variety of sectors of the travelling industry came to the Treasury to talk about their challenges. Many said that it was the first time they had been invited in for any kind of constructive discussion.

Kerry McCarthy: The Economic Secretary says that as though I were the one saying that there had been no engagement. I am not, it is the RMI that states that the Government have

"made no attempt to engage with industry".

Perhaps she could place in the Library a copy of the response from either the Chancellor or the Prime Minister to the letter that the RMI says it has sent four times, and copy me in. That would confirm whether there has been an attempt to have a dialogue.

I turn to the other proposal under active consideration, the rural derogation. As we have heard, the Government are planning to pilot it in the inner and outer Hebrides, the Northern Isles and the Isles of Scilly, although from what the Economic Secretary said I am not sure whether those are the definite areas for the pilot or whether the matter is still under consideration. My understanding is that there would be a maximum 5p per litre discount on petrol and diesel sold in those areas.

Will the Economic Secretary elaborate on just how far the informal conversations with the European Union have gone? Have they been about just the pilot scheme, or have there been discussions about introducing the scheme to a significant proportion of the British isles at some time in the future?

Following on from the question that my hon. Friend the Member for North Ayrshire and Arran (Katy Clark) asked, will the Economic Secretary explain on what basis the islands in question were chosen for the pilot as opposed to other remote rural areas? Does she not think that it will be difficult to extrapolate from pilots carried out in island areas how such a scheme would work in remote mainland areas, particularly those from which it is not so far to travel to urban areas where petrol is in greater supply? Will she explain why the pilot scheme is to be so limited, rather than a larger pilot that could have more evidential benefit and be used to show how the scheme would work across the country?

We have a number of other concerns about the rural derogation. There is a long-standing principle that excise duties are charged on a universal basis, and it would set quite a precedent to depart from that practice. As has been said, the scheme would be difficult and expensive to administer, because at the moment duty is levied when oil leaves the refinery, not at the point of retail sale. That takes us back to the point that the hon. Member for Argyll and Bute (Mr Reid) made when I was talking about the stabiliser. How would the system be policed if there were to be differential duty at the point of sale? It sounds like a complex administrative system would be required.

Justine Greening: I am trying to follow the hon. Lady's argument, but it is not clear to me. Will she confirm whether she supports the Government's attempt to get a derogation in place by introducing pilots?

Kerry McCarthy: It is up to the Economic Secretary to answer the questions. We are certainly interested in the conversations that she is having with the EU, but we have major concerns about whether it is practical to take the proposal forward. We would like more information to be convinced that it will solve the problem.

The rural rebate proposal was, of course, a Liberal Democrat manifesto commitment, and it seems that the Government are now taking it up. The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) referred to the fact that he has raised the matter on many occasions over the past 12 years, and when he was his party's transport spokesman he proposed a duty differential based on the Scottish Government's method of having eight categories to distinguish between urban, rural and remote areas. Again, that could become quite complex. It would be quite easy to calculate rebates in the case of geographically isolated, sparsely populated areas, but in southern Scotland, where there is more of a patchwork of those categories, it could be difficult.

Dr Whiteford: For clarity, will the hon. Lady tell us whether her party is saying no to a derogation and no to a stabiliser?

Kerry McCarthy: Again, it is for the Economic Secretary to tell us what her policy is on the stabiliser and so on. We are quite happy to discuss and consider proposals for tackling the problem of increased fuel prices in rural areas. However, when the OBR is telling us that the fuel

[Kerry McCarthy]

duty stabiliser would cost the public purse huge amounts of money and be difficult to administer, and when real and valid concerns are being raised about whether rural derogation pilot could be transposed over to mainland Britain, we are right to ask questions and require answers before we decide whether we can support the proposal.

Dr Whiteford *rose—*

John Thurso *rose—*

Kerry McCarthy: I want to conclude now. I have taken quite a lot of interventions, and hon. Members will have the opportunity to pose as many questions as they like in their own speeches.

Finally, I ask the Economic Secretary to confirm several things. Has the Conservative party dropped the fuel duty stabiliser policy in the light of the OBR's fairly clear and damning verdict on its practicability? Is the policy now restricted to the rural derogation, and what time scale does she think would be appropriate for its introduction? It will take some time to get it through the EU, and considerably longer to roll it out to the UK as a whole. In the meantime, is she actively considering the impact of the VAT increase on fuel prices? That is hitting people now, and not an issue for the future.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. This has proved to be a popular debate, and nine Members have indicated that they wish to participate in the short space of time that we have left. To be as fair as we possibly can, and to try to get everybody in, we are going to introduce a seven-minute time limit, with the usual injury time for two interventions.

5.57 pm

David Morris (Morecambe and Lunesdale) (Con): I will keep it short, Mr Deputy Speaker.

We all know why we are having this debate today—the extortionate increases in fuel duty brought in mainly by the last Government, which were made worse by three increases introduced in the last Labour Budget that the new Government have to implement or find revenue from elsewhere.

My argument has always been that our top priority must be to cut the deficit, which my right hon. Friend the Chancellor is doing. We have a national and moral duty to do so. After that, we need to start considering ways to cut the burden of tax and get our country moving again—excuse the pun. When that process begins, fuel duty should be our top priority.

On Friday I was called by a haulier in my constituency, Mick Gorry, who claims that despite turning over £4.5 million from his 41 trucks in Morecambe, he made just £19,000 profit in the last financial year. To unpick that, we need to understand that of that £4.5 million turnover, £2.2 million was spent on fuel. As prices rise, it is easy to see how that small profit could disappear.

This is an Opposition day debate, but let us not delude ourselves: this problem was created by the last Labour Government, and we must work out how to clear it up. Mr Gorry is convinced that the solution to the essential user rebate is a fuel stabiliser. He makes the point, rightly in my view, that haulage costs are pushed up by prices in the shops, which in turn causes the risk of inflation, which we must avoid in an economic downturn. But let us not be unrealistic. As I said at the outset, our top priority is to cut the deficit. Thirteen years were spent telling everyone that we could pay for everything—we must never fall into that trap again. As a coalition supporter, I can look my constituents in the eye and tell them honestly that we do not have a bottomless pit of money, but that we can and will cut tax when the public finances are in a better position.

It benefits no one to have a bankrupt United Kingdom—everyone agrees about that. If we had continued down the old path, we would be in that position. My constituency looks to the House and the Government to show leadership on the matter. We showed ourselves at our best by being honest about the challenges and trying to find solutions. Without the reckless spending of the past, Mr Gorry would not be spending £2.2 million on fuel every year.

I support our Chancellor wholeheartedly. I support a proposed fuel stabiliser and any forthcoming rebates. I have yet to hear any detail from the Opposition about how they would try to get us out of the mess into which they got us.

6 pm

Paul Murphy (Torfaen) (Lab): I welcome the debate, and the hon. Member for Dundee East (Stewart Hosie) made a powerful speech. It is relevant that it arises on a Supply day motion from the Scottish National party and Plaid Cymru, because the issue is also of particular concern to Northern Ireland, and the hon. Member for Belfast East (Naomi Long) is in her place. All devolved Administrations have a voice to raise and a point to make about the fuel increases in their countries. Hon. Members will know that a joint ministerial Committee meeting took place last week in London, when the First Ministers of Wales, Scotland and Northern Ireland jointly asked the Government to ensure that there would be no increase in fuel prices in the Budget in April. I hope that that will be the case.

I share the concerns of my hon. Friend the Member for Bristol East (Kerry McCarthy) about some of the detail of the derogation for rural areas. I support the idea of a pilot, but it should include at least one part of Wales, and to confine it to islands would make such a study rather artificial. I appreciate that there are particular problems in rural parts of the United Kingdom and it is important to consider that, but confining the pilot to islands would be a mistake.

Naomi Long: Does the right hon. Gentleman agree that, if there were a pilot, it would be helpful if a part of Northern Ireland were included in it, given that there are specific problems due to the geographical separation between Northern Ireland and the rest of the United Kingdom?

Paul Murphy: Indeed. When I was Secretary of State for Northern Ireland, the point was always made to me that it is the only part of the United Kingdom that has a border with another country—the Republic of Ireland—

and the problems of fuel prices in Northern Ireland are particularly acute. It would be a good idea to have a pilot there, too.

The Economic Secretary spent much of her time telling us that it was all the Labour Government's fault, and then she said that she wanted to be conciliatory. If I may say so, she is slightly schizophrenic about what she wants. Let me emphasise to her that, for the 24 years that I have been in the House of Commons, whether in opposition or in government, the Treasury has always won its case. It has won it on the basis that it wanted the money from fuel—a Conservative Government as much as a Labour Government argued for fuel regulators. There is no point in trying to say that one side or the other is responsible because all Governments in the past three decades have done precisely that.

There is a difference now—and we will differ fundamentally about the reasons for it. Given that we are post banking crisis and have to deal with the deficit, of course the world has changed and we must therefore consider imaginatively ways in which to deal with the fuel prices that our businesses and our families have to pay. However, the Economic Secretary must recognise the point that my hon. Friend the Member for Bristol East made: the single, most devastating reason for fuel price rises in the past few months is the increase in VAT. It is as simple as that. Petrol and diesel are more expensive because VAT has gone up. As all Opposition parties have argued, we should rethink the VAT increase.

The effect of the fuel prices on small businesses in Wales is calamitous. The difference in Wales, as in Scotland, Northern Ireland and parts of England, is that so much of our economy is now based on the success of small and medium-sized businesses. If they are to suffer—it has been shown that they will if fuel prices increase—special attention should be paid to them. The Federation of Small Businesses in Wales has already said that it is disappointed with the Government's treatment of fuel prices. The Economic Secretary is right to say that devolved Administrations have a part to play in that the Government and the devolved Administrations should work closely with small businesses to see how they can tackle the matter.

Small businesses also deal with other pressures. In south Wales, the Severn bridge is undoubtedly a problem for them. Someone who has a large vehicle such as a lorry and crosses from England to Wales has to pay £17 each time. That is a big disincentive to small businesses in Wales. Earlier, the Prime Minister rightly pointed out that he, like me and every hon. Member, wants banks in our countries to lend more regularly, more frequently and more effectively to small businesses.

The debate is important—so important that hon. Members from all parts of the United Kingdom are taking part in it to ensure that the Government's mind is bent to trying to find a solution. I fear that the Economic Secretary was right when she said that the fuel stabiliser was a problem—doubtless the Government are looking at it—but there are serious issues, which could have a knock-on effect unless they are tackled effectively and carefully.

In the past couple of days, I went to my local Sainsbury's petrol station to fill up. Like many supermarkets, it offers diesel and petrol at much cheaper rates than smaller, independent petrol stations. I paid just over £1.30 a litre for diesel. Compared with some of the prices, which we have heard today, in parts of rural Scotland and Wales, the price in my part of the world, although quite high, is lower.

It particularly struck me, when considering the reasons for taking part in the debate, that Shell was making £1.6 million an hour in profits. I know that that is not all on fuel. However it strikes me as incongruous that, when the citizens and businesses of our country have to face huge, inflationary rises because of increases in fuel duty, large oil companies are making those enormous profits. Perhaps the Government can consider that. They were supposed to look at how the banks share out their profits and pay their bonuses. They have not done well on that. Perhaps they should look at some oil companies, too.

Whatever the Government do, they should understand that there is real and justified concern from all Members about the fuel increases. I hope that they will listen.

6.7 pm

Mr Alan Reid (Argyll and Bute) (LD): Representing a sparsely populated rural constituency, I am only too aware of the severe impact of the high fuel price on motorists and local businesses. It is important to remember that, in remote areas, a car is an essential, not a luxury.

Let us consider the purpose of high fuel duty. Two arguments are often advanced: the green argument and the tax-raising argument. The green argument does not stack up in rural areas, because it is based on encouraging people out of their cars and on to public transport. That fails completely in the highland and islands of Scotland, where buses are few and far between. Indeed, there would be no point in rural councils in remote areas subsidising buses that run with only one or two passengers to try to reduce carbon emissions. Clearly, one or two people taking a car will cause far fewer carbon emissions than one or two people on a bus.

I represent many of the islands of the Inner Hebrides, and the price of fuel is far higher there than on the mainland. On the larger islands, such as Mull and Islay, the price of a litre of fuel is typically 15p higher than in a city. On the smaller islands, such as Coll and Colonsay, the price is often about 30p a litre higher. I was therefore delighted when the Government announced their intention to pursue a pilot scheme under which there would be a 5p fuel duty discount on many islands, including the Inner Hebrides. I realise that they must get EU permission to go ahead with that scheme, but since other EU countries operate a similar scheme for islands, I see no reason why permission will not be granted. It takes time to take such projects through the EU, and it is important that the Government get their proposals right, but I plead with them to take their proposals through as quickly as is humanly possible.

Mr MacNeil: When does the hon. Gentleman hope to see the rural fuel derogation in action on the Inner Hebrides?

Mr Reid: I hope that the scheme will be implemented as soon as possible, and that it can be extended to remote parts of the mainland once the pilot schemes are proven to be successful, as I am sure they will be.

Any argument that fuel duty must increase yet further in order to deter car use is complete nonsense. The high price of fuel already deters car use, and simply increasing

[Mr Reid]

the duty further will have no effect on the environment. As other hon. Members have said, increasing the duty will simply harm the rural economy.

I recognise that fuel duty brings in a lot of money for the Treasury, and that the Budget must be balanced. We face an enormous budget deficit, which was inherited from the previous Government, but I put it to the Chancellor that yet another fuel duty increase in the coming Budget will harm the economy, particularly in rural areas, and I urge him to find another way of raising that money. Fuel duty discriminates against rural areas in a way that no other tax does. Almost any other tax increase to replace an increase in fuel duty would therefore be an improvement.

We have debated the stabiliser previously, particularly during proceedings on the Finance Act 2009, when the hon. Member for Dundee East (Stewart Hosie) proposed one. The crucial decision is on the amount around which the price should be stabilised. The Minister of State, Foreign and Commonwealth Office, my hon. Friend the Member for Taunton Deane (Mr Browne), who was a Liberal Democrat Treasury spokesman at the time, pointed out that the proposal from the hon. Member for Dundee East would mean that the fuel duty would have been 4.5p higher if it had been introduced in the 2008 Budget. I am disappointed that in the intervening two years, the hon. Gentleman has not come forward with a detailed, workable proposal.

Katy Clark: I recall the debate and vote on that proposal. Parts of my constituency are similar to the hon. Gentleman's constituency. Does he agree that the technical and practical problems of introducing a nationwide derogation would need to be looked at very seriously? When those on the Treasury Bench consider the detail, they might find that a nationwide scheme is impossible. Does he therefore agree that we need to consider introducing a scheme in specific communities in specific parts of the country, like the pilot scheme?

Mr Reid: Yes, I agree with the hon. Lady. I hope that a stabiliser formula for the whole country can be found and made to work, but I remain sceptical. It is important that the Government consider that idea, but it is also important that no idea is put into practice without careful consideration of all possible negative effects. Any rigid formula could have such unforeseen effects, such as the 4.5p increase that would have resulted in 2009. I am convinced that a rural fuel derogation could be made to work in a specific area. I have no argument whatever against a stabiliser pilot scheme, but I remain sceptical. It would be great if a stabiliser could be made to work—the Government ought to consider it—but we must be very careful. The way forward is definitely a rural fuel discount.

The Budget is only a few weeks away. It is important that the Chancellor exercises restraint and that he does not increase fuel duty in the Budget, when the fuel price is already so high. However, rather than having a rigid stabiliser formula, which could have unforeseen side effects, it is important that he acts sensibly.

Under the previous Labour Government's policy in their last Budget—the fuel escalator—the tax on fuel would increase by more than 4p a litre in April. I hope that the Government do not follow Labour's policy. That would be grim news for a rural economy that is already struggling under the burden of a high fuel price. I urge the Chancellor to heed the warnings he has received on the impact that another 4p per litre increase would have, and I plead with him to cancel the proposed fuel duty increase in the Budget.

6.15 pm

Dr Eilidh Whiteford (Banff and Buchan) (SNP): I have listened with great interest to this afternoon's debate. I intend to limit my remarks to aspects of it that relate most to the area that I represent. That part of rural Aberdeenshire and Banffshire has no railway stations and very limited public transport options—there are far fewer bus services than hon. Members will find in urban areas. This is therefore an urgent issue not just for individuals, but for businesses in remote and rural areas, and I am glad that Members on both sides of the House take it seriously.

It almost goes without saying that people who live in the more remote and rural parts of Scotland, Wales and other parts of the UK have to travel further to access the most basic amenities, whether post offices, shops, schools, places of work or doctors' surgeries. Inevitably, they incur extra costs in doing so, yet as other hon. Members have pointed out, people in rural and remote areas pay higher prices. In parts of my constituency, they pay £1.36 per litre for fuel. That might not be quite as high a price as is paid in some of the island communities, but it is nevertheless well above the average.

Albert Owen (Ynys Môn) (Lab): The hon. Lady is quite right to point out that those in peripheral or rural areas pay more because their need for the car is greater. In addition, those people need larger cars, and there is a big difference between the costs of petrol and diesel—many diesel vehicle owners are hit harder. We are talking not about Chelsea tractors, but essential means of transport in rural areas.

Dr Whiteford: I agree with the hon. Gentleman. I live in rural Aberdeenshire, and at this time of year, I fully appreciate the need for vehicles that are suitable for the roads on which they travel and the driving conditions.

There is a huge irony in this situation for people in my constituency, who have had an oil terminal on their doorstep for many years. People who live at the heart of Europe's oil and gas industry pay among the highest prices for petrol and diesel in Europe. That irony is certainly not wasted on folk in my part of the world. Nearly 62% of what we pay at the pumps goes directly in tax and duty to the Treasury. My concern—this is the chief point that I want to make this evening—is that that is a disproportionate tax on people who live and work in rural and remote areas.

Jim McGovern (Dundee West) (Lab): May I say that I am sorry, Madam Deputy Speaker, that I was not here at the beginning of the debate? I was in Dundee for the launch of the Scottish Affairs Committee inquiry into the video games industry. The hon. Lady is a member of that Committee, so I am sure she will understand.

Does the hon. Lady agree that while figures suggest that fuel duty puts 1p on the price of a litre of petrol or fuel, VAT puts somewhere in the region of 3p a litre on

it? Should we not attack the coalition Government for increasing VAT instead of looking for fuel duty regulators? I see that she is being advised by her colleagues on that.

Dr Whiteford: Had the hon. Gentleman been here earlier, he would have heard that point addressed in previous contributions. Both VAT and duty have a part to play. The previous Government's record on this was shameful in not allowing motorists to benefit from the falls in VAT at the beginning of the recession. The key point is that the disproportionate tax on rural parts of these islands does not only harm individual motorists, but inhibits our business growth and the development of our rural economies.

Katy Clark: I support what the hon. Lady says about islands and remote communities, and I support a fuel duty discount for such areas. However, the bigger picture is how much we tax fuel in this country, and Britain has decided to have a high level of tax on petrol, diesel and other fuels. Does she support that?

Dr Whiteford: We have heard a lot this afternoon about the need for the Treasury to balance its books, and about the role of tax in that, but the fundamental underlying question is: why should people have to pay more and disproportionate tax just because they do not have access to public transport or happen to live in a rural area? I am all for tax, so long as it is fair, proportionately applied, and people are not discriminated against for living and working in a rural area.

The impact is felt particularly by businesses. As other Members have said, goods and services have to be moved into and out of parts of rural Scotland by road, and in many areas we already have to overcome significant challenges arising from our distance from markets. The area I represent has strong food processing, farming and fishing sectors and a great deal of manufacturing. Companies in northern Scotland have to cover the extra costs they incur and the extra taxes they pay, in order to make viable business plans, but nobody else has to. We have come through difficult times but are still struggling to emerge from the recession, and the fluctuating price of oil causes great instability and uncertainty for business. Big and small businesses alike struggle with that. Big businesses can sometimes buy fuel while in greater debt, but small businesses, which are often the greater engine of growth in our communities, really struggle with the unpredictability caused by fluctuating prices.

In conclusion, I urge the Government to honour their commitments before the election. I cannot over-emphasise the urgency and immediacy of this issue in rural Scotland. I urge them to consider the matter seriously. We have heard a lot about the derogation. I hope that not just island communities will be included in that, but that, notwithstanding the difficulties, other rural and remote parts will be included too. I also hope that much more attention will be given to the stabiliser, which, ultimately, will create fairness in the system and proportionality in the taxation on fuel.

6.23 pm

Stephen Phillips (Sleaford and North Hykeham) (Con): This has been an interesting debate for a number of reasons. However, I begin by apologising to the hon. Member for Dundee East (Stewart Hosie) for missing the opening part of his remarks in introducing the debate.

The issue of fuel costs touches not only those living in regions that the devolved Administrations are largely responsible for governing, but many rural constituencies across the country, and certainly my constituents and members of the public across Lincolnshire. The reason is that it costs—and has done for a long time—a great deal of money to run a car, given the current fuel prices. However, a car is not a luxury to my constituents and people living not only in Wales, Scotland and Northern Ireland but in rural parts of England. In those places, a car is a necessity. Owing to the state of public transport, people cannot live their lives without at least one car—certainly, they could not do so without great difficulty.

Much of my constituency is made up of rural areas dotted with small villages and farms, which means that I live in a beautiful part of the country. However, it also means that it takes a great deal of time to get to the doctor's, the supermarket or anywhere else that one needs to get to in order to live one's ordinary life. Public transport has got worse over the past few years, and will continue to get worse owing to the state of the deficit left by the previous Government and the need for this Government to deal with it. That will not be conducive to better public transport over the next few years, and will exacerbate the problems caused by high fuel prices.

I would like to echo a point made by the Economic Secretary. The Labour Government left us with the worst possible fiscal position. The simple fact is that we are paying debt interest of £120 million a day in circumstances where 1p on fuel raises only £500 million. It does not take a very good mathematician to work out that were we not paying that debt, we would not need the level of fuel duty or VAT that we do—with all that that has meant for the current fuel crisis. I heard no apology in the remarks of the hon. Member for Bristol East (Kerry McCarthy) or explanation of why we have been left with this debt legacy and of what it means, in the context of this debate, for my constituents and others all over rural Britain who are paying the price for the previous Government's failure, inter alia, through the cost of fuel.

Guy Opperman (Hexham) (Con): Does my hon. and learned Friend think that it was right for the leader of the Labour party to indicate that he would not have implemented the previous two fuel rises in the current circumstances?

Stephen Phillips: I have not seen the comments made by the right hon. Member for Doncaster North (Edward Miliband). However, he was at the heart of the previous Administration, with all that that meant for the legacy inherited by this Government. Whatever opportunism Labour Members pursued—we saw it last week during the forestry debate from a party that sold off 25,000 acres of forest without any guarantees of rights of public access—we understand that it is the duty of the Opposition to oppose. However, I do not understand many of his policies, and I do not expect that I understand this one any better than any of the others.

We have heard about two mechanisms that might serve to address some of the difficulties associated with current high fuel prices. The first is the derogation. The Government have done more to take that forward during

[Stephen Phillips]

the few short months they have been in office than the previous Government did during the entire time they were in office. I congratulate my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) and his predecessor who have done so much work on this matter. It is gratifying that we at last have a Government who are beginning to take this issue seriously and to negotiate on it in Europe. I hope that in due course we will see this derogation.

On behalf of my constituents, I would like to hear from the Exchequer Secretary that the pilot, whatever that might be, is rolled out not just in the remote rural areas referred to in the amendment—the Inner and Outer Hebrides, the Northern Isles and the Isles of Scilly—but in areas of England affected by high fuel prices.

Heather Wheeler (South Derbyshire) (Con): Could my hon. and learned Friend expand on the rural areas in England suffering with high fuel prices? It would be helpful for the Exchequer Secretary. Certainly in South Derbyshire we are seeing prices as high as £1.36 a litre. We are suffering too, and if that could be borne in mind when he sums up, it would be superb.

Stephen Phillips: I am sure that my hon. Friend the Minister will take into account the views from Derbyshire. I do not want to take up too much time dealing with that, however, because there are a number of other people who want to contribute to the debate.

What I want to hear from the Government Front Bench is that the pilot will be rolled out not just in island communities in Scotland or elsewhere, but in England. There are areas, such as the constituency that I represent, where it costs people an enormous amount just to live their ordinary lives, which is effectively a piece of discrimination via the tax system. We deserve the piloting of such a break, in just the same way as those areas of the United Kingdom where the pilot will take place deserve it.

This is not the subject of today's debate, but a lot of my postbag is taken up with correspondence from constituents expressing concern about the Barnett formula and the way it effectively sends a subsidy—they would say at their expense—to Wales, Scotland and Northern Ireland. That is one of the issues that this Government will have to grapple with, at the same time as explaining to my constituents why the derogation will mean that there may be lower prices in other parts of the United Kingdom.

I have not yet dealt with the other limb to what is proposed—it is something that I understand the Government are looking at, and they must consider it carefully—namely, the fuel duty stabiliser. The fuel duty stabiliser, which we talked about in the election, is designed to smooth out, as the hon. Member for Banff and Buchan (Dr Whiteford) said, the spikes in prices that harm our constituents so much. To those who have read it, it is clear that the Office for Budget Responsibility report indicated that, although difficult, introducing the fuel duty stabiliser would not make that much difference to the revenue going to the Exchequer.

I did not understand the position of the hon. Member for Bristol East on that issue, as on so many other things. I am sure that in due course there will be some intolerant tweets about what I am saying about her across the Chamber, as that is her general way of dealing with me. I did not understand her or her party's position on the fuel duty stabiliser, because she was unable properly to tell the House what it was, and I certainly did not understand her party's position on the derogation from Europe. If the Opposition are to oppose in a responsible way, as the Leader of the Opposition has said, it would help if the Government and Members in all parts of the House knew what the Opposition's position was, because at the moment, on this issue as on so many others, we do not.

Let me say a word about the question before the House. The difficulty with the motion, as the Government's proposed amendment recognises, is that it does not take into account the concerns of constituencies other than those in the devolved Administrations. The motion is focused, no doubt for perfectly good political and tactical reasons, on those constituencies, not ours. It is for that reason, among many others, that I will not be supporting it, although I will of course support the amendment that my hon. Friend the Economic Secretary moved.

6.33 pm

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): I shall try to be brief to allow my hon. Friend the Member for Angus (Mr Weir) to get in.

Simply put, fuel in my constituency costs a ridiculous amount, at £1.45 a litre. What we want, in essence, is to pay the same tax as elsewhere. We are only looking for fairness. A rural fuel derogation would not achieve fairness, but it would take us to the foothills of fairness and would be a big step in the right direction, reducing the price from £1.45 a litre to £1.40. I have sympathy with those in South Derbyshire; I only wish I was enjoying the prices that they are currently burdened with. We have to remember that, at the back of this debate, we want to look at fuel distribution throughout the country, which is often a difficulty to do with refineries—part of the excuse that some of the companies use as well.

Remoteness is often blamed, but I discovered recently that while we pay £1.44 a litre, those in the Faroe islands pay 94p a litre for diesel and £1.10 for petrol. For those who do not know, the Faroe islands are halfway between the Hebrides and Iceland, where petrol and diesel are £1.10 a litre. We do not need to go too far back to remember the difficult economic situation that Iceland faced. It has a big debt, although its deficit is not in the same situation as the UK's, but it clearly understands that high fuel costs choke recovery. Iceland is not making that mistake; indeed, in the last quarter, Icelandic GDP grew far more than the UK's. The Government here can talk of the deficit, but if they carry on like this, they will choke the recovery and will not see revenues flowing into their coffers, as they should and would like to.

The price is painful for us. As I left Benbecula this morning, the fuel concerns of Mr Alec MacIntosh, who works at Benbecula airport, were ringing in my ear, and small wonder, as he had just bought some fuel at £1.46 a litre. I think that his week's wages had just about gone in filling up his vehicle. Those at Stornoway airport attacked my other eardrum on the issue. There is scarcely a place I can go without people seeing me as a telegraph to relay to the Treasury the pain that people are feeling.

That pain is real, and I hope that that is taken on board. Indeed, it is not just pain; it is anger, because people know that more tax is flooding from my constituency to London than from just about any other constituency. We have the highest fuel poverty in the UK, and small wonder. The islands really need a rural fuel derogation, and they need it quickly. The hon. Member for North Ayrshire and Arran (Katy Clark) spoke earlier, and I have sympathy with those on Arran, too. Indeed, I saw the MSP for Arran, Kenny Gibson, on the television vociferously calling for a rural fuel derogation.

The high cost has an impact on a whole raft of other budgets. Local councils are haemorrhaging cash because they can run their vehicles only by paying higher fuel costs—again, the money goes directly to the Treasury—as are our health boards, and our police, fire, coastguard and ambulance services. They are all having to deal with budgetary cuts every time they fill up their vehicles, because of the cost of fuel. Businesses are losing too, and less money is circulating locally. Indeed, so vexed was one constituent of mine—Erica MacDonald—that she started a petition a few months ago and came to the Treasury. She is now wondering whether the EU's rural development policy—€96 billion over a number of years—can be used. I do not think that it can, but such is the level of research being done by individual voters in rural and island Scotland, who are looking for solutions and hoping that the Treasury will listen to some of them.

Talking of solutions, we certainly listened to the Labour party earlier. We heard a repetition of what I would call the Pontius Pilate approach. The Labour party seemingly has no view on a rural fuel derogation or a fuel duty stabiliser, and no other plans or suggestions. Indeed, if those on the Labour Front Bench have a concrete plan or suggestion, I would ask them to tell us what it is. We definitely heard no apology for the years we spent in this place listening to the previous Government's excuses for doing absolutely nothing, leaving places such as the Outer Hebrides with shockingly high fuel costs.

Stewart Hosie: My hon. Friend talks about the dearth of opinion on the Labour Front Bench. Might that be a consequence of the Labour leader saying recently that Labour found it difficult to implement a fuel duty regulator when in power, when in fact Labour voted against every single attempt to introduce one?

Mr MacNeil: Absolutely. Labour was against a fuel duty regulator, a rural fuel derogation and anything else that would have helped people in the Hebrides.

Mr Reid: What the hon. Gentleman is saying about the previous Labour Government is perfectly correct, but does he not have it within himself to congratulate the coalition Government? He knows that, time after time, I, along with my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) and other Liberal Democrats, put forward proposals in debates on Finance Bills for rural fuel derogations, and the Labour party rejected them. This Government are going to implement that. Will he not have the decency to recognise that and congratulate the Government?

Mr MacNeil: I certainly do have the decency to recognise that. I am very pleased that that announcement was made in the autumn. In fact, I think I text messaged the Chief Secretary to the Treasury to say how delighted I was. My only fear is that Liberal Members have lost the fierce urgency that they used to have in opposition, and are not really looking for a date on which we will see a rural fuel derogation. By Christmas we had heard that nothing formal had happened—that was one of the lines that came out. We want things to happen, and we genuinely need them to happen. The coalition agreement mentioned the rural fuel derogation. It did not mention the VAT rise, but hey, that was put in place quite quickly—by new year—yet we have not seen the rural fuel derogation.

The European Commission has been blamed, so I wrote to the Commission asking for the timetable, to see whether things are indeed being held back. However, the European Commission being the European Commission, it probably does not feel very accountable to democratically elected citizens in the member states of the EU. That is a matter for the European Commission. I hope that it is listening and will respond quickly, because we need action now. I need to know from the Government whether the formal stage has started. Just when will we see a rural fuel derogation? How long has it taken to get a rural fuel derogation in other countries? Those are the questions that I am being asked when I go back to the Hebrides, and I need answers from the Treasury now.

The rural fuel derogation is not at all like Christmas, because Christmas has come and gone, but where is the rural fuel derogation? I acknowledge that progress has been made, and I am pleased to see that. There are good intentions behind it, but thus far, it has been as effective only as the progress made by Labour. I hope that, in a year's time, the situation will be very different. I hope that we will not have to debate the issue again in a year's time, but I fear that we will. The Labour Government were famous for the ridiculous, obstinate answers that they gave us over the years—they were against giving any help at all to the islands—and my worry is that the Liberals have really lost the urgency of now. They should remember that there are elections in May, and that if there has been no action by then, the voting will hurt them.

6.40 pm

George Freeman (Mid Norfolk) (Con): I am grateful for this opportunity to speak in the debate, and I congratulate the hon. Member for Dundee East (Stewart Hosie) and his colleagues on raising this matter. I, for one, could listen to their wonderful brogue all afternoon.

Stewart Hosie: May I just say to the hon. Gentleman that I do not have a brogue or an accent? It is he who has the accent.

George Freeman: We can debate that another day.

The hon. Gentleman and his colleagues spoke eloquently about the needs of the rural economy, and I know that he will want to send his best wishes to one of the most exciting businesses in Norfolk, the English Whisky Co., which is doing great trade. As in so many debates, most of the suggestions that he and his colleagues made would lead to an increase in expenditure by the Exchequer, and, representing an English constituency, I find myself thinking, "English tax for Scottish voters." His points on the rural economy were good ones, however, and I want to touch on the impact of fuel prices on that economy and offer some thoughts on how the Government might like to tackle the issue.

[George Freeman]

Fuel costs hit rural areas particularly hard, not only in Scotland but in England and Wales. In my constituency, where I am lucky enough to have four towns, 110 villages and a 130 mile boundary, the rurality is extreme. Fuel currently costs 130p a litre, which means that the average family are paying £70-odd to fill up their car. That is not a matter to be taken lightly. Families are hit particularly hard, especially those on low incomes who, it has been pointed out, tend to drive older, less efficient cars. Another group that is hit hard by high fuel costs is one by which the coalition has set so much store—namely, the people who are working hard to get out of welfare and into work. Small businesses are also affected, especially those in remote rural areas. They are crucial to the revitalisation of the rural economy.

The public sector is also affected by fuel costs. Many rural councils are hit very hard by their dependence on fuel, and this is another area in which rural councils in England have received particularly unfair treatment. Farmers are also hard hit, especially those growing commodity crops such as sugar beet and potatoes that require long-distance haulage. Hauliers are affected too, especially smaller, self-employed hauliers, who tell me that they are hit by the unfairness of the lack of a level playing field on which to compete with their European competitors.

Rory Stewart (Penrith and The Border) (Con): May I make a plea to my hon. Friend to include a mention of dairy and livestock farmers, as they are also hit very hard by fuel prices in Cumbria?

George Freeman: My hon. Friend makes an excellent point.

On the wider economy, fuel inflation in rural areas not only affects rural communities but hinders our national economic growth. This goes to the heart of two of the coalition's laudable objectives: the rebalancing of the economy and promotion of economic growth outside the City of London and our main metropolitan centres; and the attempts to help those sectors of the economy that do more than operate in the service, retail and housing industries—namely, the sectors that make things, transport things and sell things. Those sectors are hit particularly hard and we need to do all that we can to help them.

The reality that those on the Opposition Benches—particularly the Labour Benches—do not want to face is the fact that we have inherited a chronic legacy in our public finances that is costing £120 million a day in interest, which represents £20,000 of debt for every man, woman and child in the country. If we had not tackled the debt crisis, the interest payments would have been heading towards £70 billion a year. I repeat these figures because they need repeating to those on the Labour Benches. It ill behoves a serious party of government to come to the House, as those on the Labour Front Bench did today, and show no recognition of its part in causing this fiscal crisis. Labour Members have made no serious analysis of the rural economy and rural communities—*[Interruption.]* I wish that they would listen to what I am saying, rather than talking over it. They had no positive suggestions for how we might tackle the problem.

Fuel inflation risks strangling the economic recovery in our most marginal rural communities, but we cannot afford to do what we would like to do to address that. I therefore urge the Government, in accepting the constraints under which they are operating, to look carefully at the options.

Claire Perry (Devizes) (Con): Does my hon. Friend agree that we need a sustainable solution, one that will work in bad times as well as good, rather than a knee-jerk reaction to what is clearly a problem for many rural constituencies, including my own?

George Freeman: My hon. Friend makes an excellent point. It is vital that we should not go for some short-term gimmick, and that we make a sustainable, serious commitment to helping rural communities and the rural economy.

My constituents and many in other rural constituencies have been encouraged by the Prime Minister's continued espousal of the benefits of a fair fuel stabiliser. I defer to Ministers and experts in the Treasury on determining the right mechanism for that. We have a duty to make some gesture towards ameliorating this problem, and my plea to the Ministers and Treasury experts is that, whatever mechanism we go for, we focus on two groups in most urgent need: the rural small businesses on which we rely for economic growth and for the jobs in the rural economy on which we all ultimately depend; and the very lowest-paid employees who are struggling to get on and make something of their lives by earning a living. In my constituency, the average income is £17,500, and such people are hit hardest by this serious problem. I urge Ministers to do all that they can in the forthcoming Budget.

6.47 pm

Mr Mike Weir (Angus) (SNP): There has been a change since the general election. We spent the last Parliament trying to persuade the Labour Government to do something about this problem, and they steadfastly refused to do so. Now, we hear warm words from the new Government, but unfortunately we have yet to see any real action. That is the problem. Those on both Front Benches talked about the practicalities of this or that measure, and how they would have to look into them further, and I could hear the sound of things being thrown furiously at television screens up and down the country by people who are suffering now because of high fuel prices. It will be no good if it takes a year for any action to be taken, because, in that time, many of the businesses that are suffering now will no longer be in operation. That is important to the local economies of the areas concerned.

The Minister and others have talked about the need to pay down the deficit and to encourage growth. That is all true, but the growth in rural areas comes through small and medium-sized enterprises—the very businesses that are suffering most, as a result not only of fuel duty but of higher VAT and all the other factors affecting the economy. High fuel costs are strangling small businesses which have to transport goods into and out of their businesses by road, as there is no alternative. People have talked about transporting goods by rail, but in many areas such as my own, there is no realistic prospect of that happening. I have a rail line in my constituency;

it goes up the whole of the east coast. Unfortunately, however, there are no freight depots on it. It is therefore impossible to use it for those purposes, and those businesses have to use the roads.

Mark Tami (Alyn and Deeside) (Lab): The hon. Gentleman is making a powerful case. Does he agree that those same areas are also being hard hit by the rise in domestic oil prices? Are they not facing a double whammy in that regard?

Mr Weir: Indeed; I will come to that point later if I have time.

It is not only the businesses but their employees and the other people who live in the rural areas who are suffering in many ways. My constituency comprises small towns and villages, and many people have to travel to get to work. They have to use their cars to do so.

Guy Opperman *rose—*

Jim McGovern *rose—*

Mr Weir: I will not give way at the moment.

Many of my constituents have to travel to work, and they have no alternative to their car. There are bus services, but if we look at how people work today—many work split shifts and might have one or two jobs to make ends meet—we see that it is very difficult for them to get to their workplaces by bus. This places a great deal of pressure on family budgets. If we are talking about creating work and getting people back into it, we must make it easier for people to travel.

Jim McGovern: Will the hon. Gentleman give way on that point?

Mr Weir: I want to finish the point; I will give way to the hon. Gentleman in a moment.

As I mentioned in an intervention, *The Guardian* this morning features an article saying that bus routes are about to be slashed, and I understand that the rural bus rebate given to local authorities is also going to go. All that will cut back even further people's ability to get to work by bus. I will now give way to the hon. Member for Dundee West (Jim McGovern) before he jumps up again.

Jim McGovern: I thank the hon. Gentleman for giving way. I must say first that I was disappointed that the hon. Member for Banff and Buchan (Dr Whiteford) criticised me for repeating a point and for not having been here earlier. I did explain why I was not here, but my main point is for the hon. Member for Angus (Mr Weir). I am sure he is aware that Stagecoach, a company owned by Brian Souter and one of the biggest donors to the Scottish National party, has said that the fuel price increases will help its business.

Mr Weir: The hon. Gentleman is bringing irrelevancies into this; we are talking about the real problems that rural areas face, and I am sorry that he does not understand that.

There is another problem with cars. The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) made the point that many people in rural areas have old vehicles and cannot afford to buy new ones. That brings several problems. Those vehicles are not only less reliable, but use more petrol than modern vehicles do and cost more to maintain and more to run in road tax and other things. People are suffering seriously by having to travel to work by car.

The right hon. Member for Torfaen (Paul Murphy) talked about what the devolved Administrations could do. The devolved Scottish Administration have introduced a business bonus to help with the costs of running small businesses. The right hon. Gentleman mentioned the ending of the Severn bridge toll. There is a huge cost in fuel for transportation, which is really hitting small businesses.

The hon. Member for Argyll and Bute (Mr Reid) mentioned the green argument, and I would like to address some of the related issues. Strangely enough, I agreed with a lot of what he had to say—I shall surely not make a habit of it!—but it seems to me that there is nothing green about strangling local economies in rural areas. Some say that people can move on to drive electric cars. I would like to see an electric car that would take me around my Angus constituency, never mind Argyll or Caithness and Sutherland, but the range is simply not available.

Jim McGovern: Does the hon. Gentleman have time to give way again?

Mr Weir: No, I do not.

There are real problems with fuel prices and they are strangling business in rural areas. They are an attack not only on the business itself, but on the family budget.

The hon. Member for Alyn and Deeside (Mark Tami), who is no longer in his place, mentioned home fuel oil. I appreciate that it is taxed differently from petrol, so it is a different issue, but he is quite correct to say that throughout rural Scotland, the escalating price of home fuel oil—used in many hard-to-treat homes that are otherwise unable to get central heating or any heating at all—is a huge problem, which is also hitting many people. These costs are devastating the rural economy.

The right hon. Member for Torfaen also mentioned supermarkets giving discounts on petrol, but in some ways that is a somewhat insidious practice. The Minister talked about people going to petrol stations, but in many rural areas such stations have ceased to exist. One of the hidden costs of living in rural areas is that people often have to travel many miles to fill up their vehicles with petrol in the first place. Cars cannot be driven right until the orange light comes on; if they are, they are unlikely to get to a petrol station for a fill-up and will be stranded somewhere along the line. If supermarkets offer discounts, people travel long distances to get there to fill up their cars, which has a knock-on effect on business in rural areas.

The key point is that the fuel issue is at the centre of the rural economy. Unless we sort this problem out, there will be no rural economy. We will not see a recovery of businesses that are strangled by rising fuel prices. Businesses will not survive for much longer if the price continues to rise as it has recently.

I think it was the hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips) who talked about the Barnett formula. Frankly, that is completely

[Mr Weir]

irrelevant to this argument. If we had a fuel duty stabiliser, it would apply throughout the country. *[Interruption.]* The hon. and learned Gentleman is thinking about the derogation, which is a completely different matter: we are talking about two different systems here.

We have pushed for a fuel duty stabiliser to give certainty about the price, to allow hauliers, for example, to be able to quote in advance for a contract and know what the fuel prices are going to be. This will also allow people to look at their family budgets and know what they have to spend to get to work on a weekly or monthly basis. We need to remember that our constituents are not getting pay rises—in some cases, they are getting pay cuts—so they cannot cope with these rising prices, which impact directly on family budgets. For all those reasons, we need action now. It is all very well to talk about the problem and to look at the practicalities, but if this drags on into next year, I am afraid that many businesses will fail to survive.

6.56 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): There are two issues in the debate, which I would like to try to disaggregate. One is the high premium paid in rural areas and the specific circumstances that apply to it. The other is the general high cost of fuel in the country. Let me deal with the two separately.

Briefly, the derogation for rural areas exists because there is a premium to be paid in those areas. Many Members have provided the arguments, so I will not go over them all again. However, I would point out that it exists not simply because there is a premium. I have researched the issue over many years, so I can tell hon. Members that I have often found that a certain petrol station in Sloane avenue is in the top three or four for prices. That shows that it is not simply a matter of high prices; the problem is that there is high price, a premium and a lack of public transport, coupled with the other deprivation typically seen in the more remote rural areas. It is not high prices alone, but the combination of all those factors that counts.

Secondly, as a number of hon. Members mentioned, I wrote a paper on this subject and it dealt with all the elements that cause worry—imperfectly, I am sure, but the hon. Member for Wallasey (Ms Eagle), who was the Exchequer Secretary at the time, took it seriously and her officials looked at it, so it was reasonable enough. I would like to think that the imperfections contained in that scheme are currently being ironed out and that we will shortly know what the Government intend to put forward.

I want to deal more fully with the other question of the generally high price of fuel. I commend to anyone who has not yet had a chance to read it the note produced for this debate by the Library. Among other things, it contains some very interesting facts. For example, it points out that for a number of years, the cost of motoring has actually gone down in this country in real terms, whereas the cost of public transport has by comparison gone up. One of my successors as Liberal Democrat transport spokesman often used to point that out.

It is also interesting to look at the percentage of tax take. The total has varied from a high of about 89% at one point in the '90s down to the high mid-50s and now back up to 63%. The tax take in real terms today is about equivalent to that of 1997-98. We need to get our facts right and look at the issue in perspective.

We need to take account of some of the external factors. They must include the fluctuation in the oil price, which has once more hit $100 a barrel. A number of economists believe that that is merely a resumption of the upward trend that existed before the recession. It is entirely possible that the price will rise further, in which event we shall have to deal with the consequences of a high fuel price for our economy.

I congratulate the Government on giving thought to the introduction of a fuel stabiliser, although I have some doubts about the practicalities. There is only one thing worse than a stabiliser that works, and that is a stabiliser that does not work, so if we are to have one, let us ensure that it works. However, we might consider how the Government could, as it were, be removed from the equation. There are a number of possibilities, and I should like my hon. Friend the Minister to investigate them.

The first possibility involves VAT. When the last Government reduced it to 15% they also increased duty by 2p, and that remained when VAT rose again. Thus a relationship was established between VAT and duty. I suggest that the reverse should apply: that VAT on fuel should be 5%, in line with VAT on heating fuel, and that the duty should be altered to an amount that the Government considered appropriate. That would remove the variability that comes from the market. It would not affect the Treasury, and it would not have some of the deficiencies of the stabiliser. It is an imperfect mechanism, but it would be of some small comfort to know that when the price at the pump rose, it would be largely a result of what the oil companies were doing rather than what the Government were doing.

Albert Owen: I agree with the principle of a stabiliser. However, the Government talk of having "inherited" the duty increase. In 1997, the Labour Government inherited a Conservative proposal to raise VAT on domestic fuel and then "disinherited" it. Is the hon. Gentleman suggesting, as I am, that the Conservatives should "disinherit" the duty increase? That would help people in his area and in mine.

John Thurso: I am, in fact, presenting the Minister with a novel suggestion which I hope he will consider in the Treasury, and which might benefit us all.

Let me make another point about the current regime. I happened to note that if the escalator were introduced, it would be based on the retail prices index. Perhaps the Minister would consider basing it on the consumer prices index, which would be in line with the rest of Government thinking.

Finally, let me express a view on an issue that I studied in some detail when I was my party's transport spokesman. I believe that the whole way in which we tax fuel is wrong. In my opinion we should not tax it at all, but should adopt a proper method of variable road user charging. Through that mechanism, we could both raise the amount of money that we wish to raise and incorporate

all the fairness that we seek. It would require those who are most able to find alternatives, and who use the most congested roads, to pay the most, while allowing those with the most need—most of whom live in the least congested areas—to pay the least, and it has been suggested by most academics in the field of transport.

I have a funny feeling, Madam Deputy Speaker, that when I first raised the issue of road user charging in a Westminster Hall debate in 2001, it was you who responded from the Dispatch Box. I hope that the Government will seriously consider introducing such a system, because it would enable us to escape from the groundhog day of the fuel duty debate which comes round at least once a year, and adopt a sensible method of charging for road use that would be both green and economically efficient.

7.4 pm

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): Diolch, Madam Deputy Speaker. I am delighted to have the opportunity to close the debate on behalf of the Plaid Cymru and SNP group. Our combined parties have campaigned on this issue for a number of years, not least in tabling amendments to Finance Bills in 2005 and 2008. It is somewhat disappointing that, in our first Opposition day debate of the Session, we must once again highlight the need for Government intervention to stabilise fuel prices.

Fuel prices are driven by the global price of oil and by domestic taxation. In the case of global oil prices, the trajectory is likely to go in only one direction, as oil is a finite resource. It is already being traded at over $100 a barrel. As the world economy recovers, the price will rise further as a result of increasing demand, especially from the emerging countries and, in particular, China. Volatility will only be exacerbated as we reach peak oil. Oil prices will also inevitably increase as a result of the long-term deflationary policies of the United States Government. Oil is traded in dollars, and a weakening dollar pushes up oil prices as producer countries try to make up for the shortfall of a currency whose value lessens. I echo the call of the French President, Mr Sarkozy, for a long-term agreement between oil-producing and consumer countries to offer more stability on prices.

Fuel prices are obviously influenced by domestic taxation, and it is with that element that we are concerned today. Duty on fuel in the UK represents about 65% of the price of fuel at the pump, if my sums are correct. Clearly, the higher the price of wholesale oil, the higher the tax receipts raked in by the Treasury. As is shown by an excellent House of Commons Library research paper, petrol duty in the UK is the second highest in the European Union, and the duty on diesel is by far the highest. While most other countries impose different levels of duty on road petrol and diesel, the UK's rates are exactly the same, which means that the UK's diesel prices are far higher than those of our European partners.

There are three general reasons for the need for a mechanism to stabilise fuel prices via control of duty. First, the volatility of fuel prices has far-reaching social and economic consequences, and we therefore need a mechanism to dampen the peaks and troughs. Secondly—as we have heard in a number of notable speeches today—surges in prices have a disproportionate effect on some sectors of the economy, some sections of society, and some geographical parts of the state. Thirdly, green taxes must be linked to clear environmental criteria, because otherwise the public will believe they are just another cash cow and there will be a loss of support for environmental taxation. That would be a disaster, in view of the challenges that we face as a nation and, of course, throughout the world.

Let me stress that we are not arguing for the introduction of something new and untested. Many OECD countries have mechanisms to regulate the price of fuel. France has a fuel regulator, and Canada even has a regional fuel stabiliser. If we were to adopt a similar system in the United Kingdom, I should like to advance a special case for south-west Wales.

In adopting our policy following the Finance Act 2008, the Conservative party's 2010 general election manifesto stated:

> "We will consult on the introduction of a 'Fair Fuel Stabiliser'. This would cut fuel duty when oil prices rise, and vice versa. It would ensure families and businesses and the whole British economy are less exposed to volatile oil markets, and that there is a more stable environment for low carbon investment."

I could not agree more, and I look forward to the support of hon. Members who stood for election on the basis of that manifesto commitment when the House divides later this evening.

We have had a very interesting debate, featuring many positive and informative contributions. The hon. Member for Dundee East (Stewart Hosie), in his usual ultra-detailed opening remarks, made a comprehensive case for the need for a stabilising mechanism. I urge those who missed the beginning of the debate to read his speech, and I hope one day to be able to rival his knowledge of these matters. He made the specific point that rising fuel costs constituted a significant economic headwind. Given the recent deliberations about the Government's lack of a growth strategy, I humbly suggest that that is one idea that they should fully embrace.

The Minister defended the Government's position admirably by blaming the previous Administration, but while we welcomed her comments about the rural derogation pilot and look forward to further progress, her suggestion that the devolved Governments could intervene to reduce the burden on families was somewhat weak. Much as I should like the Welsh Parliament to have the taxation powers that would enable it to intervene, this is a matter for the United Kingdom Government. They need to take the necessary responsibility and introduce proposals of their own, rather than blaming the previous Administration and placing the onus on the devolved Governments without giving them any power. That seems to have developed into a growing theme in recent months.

The hon. Member for Bristol East (Kerry McCarthy) confirmed that the Labour party opposes any stabilising mechanism. I am sure that colleagues who will fight Welsh Assembly elections and Scottish parliamentary elections in a few months' time will remind electors of Labour's policy.

The hon. Member for Morecambe and Lunesdale (David Morris) noted the problems that small companies—notably the haulage industry—face in his constituency.

As usual, the right hon. Member for Torfaen (Paul Murphy) spoke with great authority. He concentrated on the importance of small and medium-sized enterprises

[Jonathan Edwards]

to the Welsh economy. I echo his views and look forward to his support in the Lobby later.

The hon. Member for Argyll and Bute (Mr Reid) highlighted the specific problems faced by communities in the Scottish islands, and I thank him for his contribution.

My hon. Friend the Member for Banff and Buchan (Dr Whiteford) made a strong case for the food processing industry in her constituency. She discussed the added burden that that industry faces as a result of spikes in the price of oil.

The hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips) made a staunch defence of the Government's position. We would welcome a derogation pilot in England, as he suggested, because if it worked in remote parts of England it would work in Wales and mainland Scotland, too.

Albert Owen: The hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips) is not in his seat, but he said that only areas with devolved Administrations have been proposed for the pilot. The Isles of Scilly are, as we all know, in England. Wales has been left out, but surely the Isle of Anglesey would be the ideal place to experiment with such a derogation.

Jonathan Edwards: The hon. Gentleman makes a strong point. I am sure that the Assembly Member for his area, who is a member of my party, agrees with his comments.

My hon. Friend the Member for Na h-Eileanan an Iar (Mr MacNeil) discussed how fuel prices in his constituency have reached the £1.50 a litre mark. Having visited his beautiful constituency last week as a member of the Welsh Affairs Committee, I can inform my hon. Friend that his effort on that issue is appreciated.

The hon. Member for Mid Norfolk (George Freeman) highlighted how the rising fuel price hinders economic growth, especially outside south-east England and in those sectors of the economy that the UK Government are depending on, if they are serious about their stated aim of rebalancing the economy.

My hon. Friend the Member for Angus (Mr Weir) highlighted the huge problems caused to small businesses in his constituency. He pointed out the impact on disposable income for working families in his valid contribution.

The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) made an informative speech. He made a powerful argument about changing the VAT rate for fuel, and I hope that Ministers will consider his ideas.

In their joint economic declaration last week, the devolved Administrations specifically called on the UK Government to take action to counteract rising fuel and transport costs. The Governments of Wales, Scotland and Northern Ireland all highlighted how rising fuel costs form a significant economic headwind that undermines efforts to rebuild after the recent downturn. The declaration called for the postponement of the proposed duty increase planned for April this year. I am sure that all the Celtic Governments support the need for a fuel duty stabiliser.

In closing, I want to refer to those bodies that have contacted us to support our motion. We have received overwhelming support from many diverse organisations, such as the Farmers Union of Wales, NFU Cymru, the Freight Transport Association, the Road Haulage Association, the Federation of Small Businesses and the Countryside Association. That diversity reflects our point that ordinary families, businesses and workers across the UK acutely feel the effects of volatile fuel prices, although rising fuel duty will inevitably hit rural communities hardest.

Gareth Vaughan, president of the FUW, has written to say how "grossly unfair" it is that we in the UK pay more than any other country for our fuel, because of the "extortionate level of tax" imposed by the UK Government. He added that

"bearing in mind that there is a difference of as much as five pence per litre between rural and city garages in Wales already, the added fuel duty coupled with rising oil prices will be devastating to rural communities all over the UK."

Jack Semple, director of policy at the Road Haulage Association, has stated:

"The Road Haulage Association welcomes Plaid's and the SNP's support for a fuel duty stabiliser"

since

"the volatility of fuel prices is a major issue for hauliers and, increasingly, for their customers."

John Walker, the FSB's national chairman, has also endorsed our approach, reminding us that

"Every extra penny spent at the pumps is a penny not being spent elsewhere in the economy...Small businesses want to grow...and create employment but the cost of fuel puts the brakes on their ability to drive the recovery."

Finally, the FTA has stated:

"Lives and livelihoods up and down the country are suffering in the face of unsustainable and crippling fuel costs. This cost is unsustainable and...as part of the Fair Fuel UK Campaign, the Freight Transport Association and the Road Haulage Association, along with backing from the RAC, are asking government principally to scrap the fuel duty rise planned in April and introduce a methodology for stabilising fuel prices."

It is not only organisations and individuals outside this place who have backed our campaign. In introducing his plans for a fuel stabiliser in 2008, the then shadow Chancellor—the current Chancellor—described the stabiliser as

"a common sense plan to help families, bring stability to the public finances and help the environment by making the price of carbon less volatile".

In the light of those comments, people across the UK will ask why his Government oppose our motion today.

7.15 pm

The Exchequer Secretary to the Treasury (Mr David Gauke): This has been an interesting debate, and I thank all hon. Members who have contributed. Fuel prices are undoubtedly of significant concern to hon. Members and the wider population.

It is fair to say that the issue is not new. My hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) has referred to this debate being like "Groundhog Day". He is a long-standing participant in debates on this subject, and he is influential in setting out the arguments for a rural derogation, to which I shall turn later. He also set out further proposals that may influence this debate in the years to come.

At the moment, there is a particular concern about fuel prices. We have heard today from hon. Members from all parties and from all parts of the United Kingdom about the difficulties that their constituents face because of rising fuel prices. It appears to cost more every time that people fill up the car, and the public understandably want us to do something about that.

Mr Binley: I have a message for the Economic Secretary from hauliers in my constituency, such as Wrefords and Butts. They understand what the Government need to do to put the deficit right, but they urge him to do something that was in our manifesto, namely bring forward a stabiliser. They do not understand why we have not done it already.

Mr Gauke: I will turn to the stabiliser in a moment. My hon. Friend has touched on a point that my hon. Friend the Member for Morecambe and Lunesdale (David Morris) and my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips) also raised, which is the deficit that we face. It is only by coming up with a credible plan to balance the books that we have managed to create the confidence needed for a recovery. To get there, we have had to make some tough decisions, such as raising certain taxes, including VAT, and cutting public expenditure in the teeth of opposition from the Labour party to all our plans.

One of the few things that we inherited that would reduce the deficit were the previous Government's plans to increase fuel duty. We heard quite a lot from the Opposition spokesperson, the hon. Member for Bristol East (Kerry McCarthy), about VAT. It is worth pointing out that the Labour Budgets of 2009 and 2010 involved the following increases in fuel duty: in September 2009, there was a 2p increase; in 2010, there was a 2.76p increase; and there are 1p increases in 2011, 2012, 2013 and 2014. In total, the increase is about 9p a litre. We cannot dismiss those increases without knowing how we can fund any shortfall.

As the Prime Minister said over the weekend, we

"would love to see tax reductions...but when you're borrowing 11% of your GDP, it's not possible."

So although I sympathise with the points made by hon. Members from all parts of the House, our decisions on tax must be viewed in that context, where every penny we increase fuel duty by raises an additional £500 million and if we cut fuel duty, that money will have to come from somewhere else.

Dr Whiteford: I ask the Minister the question that I have asked repeatedly in this debate: why should people who live in rural areas pay a disproportionate share of fuel taxation?

Mr Gauke: The two particular areas we have debated today are the fuel stabiliser and the rural fuel duty rebate, which this House has debated on a number of occasions and is clearly of close interest to a number of hon. Members. The Government have made no secret of the fact that we are considering such a rebate. People in rural areas do face particular challenges on petrol and diesel, as fuel prices there tend to be more expensive because of relatively high transport costs—a number of hon. Members have made that point. A lack of alternatives means that people in rural communities have little or no choice but to use the car, which is why we have announced our intention to introduce a rural fuel duty pilot. It will deliver a duty discount of up to 5p a litre on all petrol and diesel which, as the Economic Secretary said at the start of today's debate, would save some drivers in rural areas upwards of £500 a year.

Mr MacNeil: The hon. Gentleman knows that I really welcome the rural fuel derogation and hope it comes soon. Will he give us any idea of when that might be?

Mr Gauke: As the Economic Secretary stated, the Government are engaged in informal conversations with the European Commission and we hope to be able to bring together our representations in a formal submission to take this forward, but this matter is not as simple as the hon. Gentleman might like it to be. We are considering the exact scope of the scheme, although the inner and outer Hebrides, the Northern Isles and the Isles of Scilly will certainly be included. I say to him, and to other hon. Members such as my hon. and learned Friend the Member for Sleaford and North Hykeham and my hon. Friend the Member for South Derbyshire (Heather Wheeler), that we can go ahead only when we have got clearance from the European Union. It is important to set out proposals that will achieve that clearance and we can then obtain the unanimous support of the 27 EU member states, which is what we require. Productive discussions are ongoing and we will of course update the House whenever we have any further progress. I hope that we will be able to provide a further update at the time of the Budget. Hon. Members should note, as, to be fair, the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) did, that at least this Government are trying to make progress on this area. The hon. Member for Bristol East did not even make it clear today whether she supports our even trying to do something on this issue, and that is a remarkable position.

The fuel stabiliser proposal was raised by a number of hon. Members, and the hon. Member for Dundee East (Stewart Hosie), in particular, has taken a close interest in it for many years. There is an argument that higher oil prices will automatically lead to higher tax revenues. The Conservative manifesto said that the Office for Budget Responsibility would seek to review this policy to see what we could do in this area. We did ask the OBR to examine how the oil price affects our economy in order to determine how the Government could share the burden of high oil prices and see whether a fair fuel stabiliser could work in practice. The OBR's assessment was that increases in tax revenue received from oil and gas production can be easily offset by things such as higher inflation, which would lead to higher benefit payments and a further drain on the Exchequer. The reality, as set out by the OBR, is that there is no sudden windfall for the Exchequer as a consequence of higher oil prices. None the less, we recognise the strains that this situation causes and we continue to examine a range of options, including the fair fuel stabiliser. It is right that we must ensure that whatever we do is not only fair, but affordable.

This Government understand the problems people are facing and are taking every action possible to help those most in need, but we also know that we have to act responsibly and ensure that we tackle the record

[Mr Gauke]

national debt. The increases in fuel duty result from the previous Government's proposals. Some people argue that we could abandon those proposals, but it is not clear whether that is the position of the Labour party. We need to strike a difficult balance, but our priorities are clear. We must get the economy back on its feet and we must have a private sector leading the recovery and creating new jobs. In contrast to our predecessors, we are seeking to address the genuine concerns that exist about rising fuel prices and we are determined to settle on a proposal that is fair, sustainable and fiscally responsible.

Question put (Standing Order No. 31(2)). That the original words stand part of the Question.

The House divided: Ayes 14, Noes 303.

Division No. 191] **[7.26 pm**

AYES

Clark, Katy
Cryer, John
Davidson, Mr Ian
Edwards, Jonathan
Hosie, Stewart
Llwyd, Mr Elfyn
Long, Naomi
MacNeil, Mr Angus Brendan
Owen, Albert
Robertson, Angus
Roy, Lindsay
Skinner, Mr Dennis
Weir, Mr Mike
Wishart, Pete

Tellers for the Ayes:
Dr Eilidh Whiteford and Hywel Williams

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Buckland, Mr Robert
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan Smith, rh Mr Iain
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Gummer, Ben
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Huppert, Dr Julian
Jackson, Mr Stewart
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Loughton, Tim
Lumley, Karen
Main, Mrs Anne
Maynard, Paul
McCartney, Jason
McCartney, Karl
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel

Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swinson, Jo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mark Hunter and
Mr Philip Dunne

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)).
That the proposed words be there added.

The House divided: Ayes 297, Noes 135.

Division No. 192] **[7.40 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Buckland, Mr Robert
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Gummer, Ben
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Huppert, Dr Julian
Jackson, Mr Stewart
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Loughton, Tim
Lumley, Karen
Main, Mrs Anne
Maynard, Paul
McCartney, Jason
McCartney, Karl
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick

Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swinson, Jo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Bill Wiggin and Mark Hunter

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Anderson, Mr David
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blomfield, Paul
Brown, rh Mr Nicholas
Bryant, Chris
Burden, Richard
Burnham, rh Andy
Campbell, Mr Alan
Clark, Katy
Clarke, rh Mr Tom
Coaker, Vernon
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Dobbin, Jim
Docherty, Thomas
Donohoe, Mr Brian H.
Doyle, Gemma
Dromey, Jack
Eagle, Ms Angela
Elliott, Julie
Esterson, Bill
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Gapes, Mike
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harris, Mr Tom
Healey, rh John
Hilling, Julie
Hodgson, Mrs Sharon
Hood, Mr Jim
Hosie, Stewart
Irranca-Davies, Huw
Jamieson, Cathy
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Keeley, Barbara
Lavery, Ian
Leslie, Chris
Lloyd, Tony
Llwyd, Mr Elfyn
Long, Naomi
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mann, John
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonnell, John
McGovern, Alison
McGovern, Jim
McKechin, Ann
McKinnell, Catherine
Meale, Mr Alan
Mearns, Ian
Miller, Andrew
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Perkins, Toby
Pound, Stephen
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Jonathan
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Seabeck, Alison
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Smith, Angela
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Trickett, Jon
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Whiteford, Dr Eilidh
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Mr Mike Weir and Jonathan Edwards

Question accordingly agreed to.

The Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House notes the dramatic increase in the world oil price to over $100 per barrel; further notes that there has been a significant impact on fuel prices in the UK as a result; recognises the impact this has on households and business; notes that the previous administration's rises in fuel duty that have taken effect

during the past year have further increased prices; further notes that the Government inherited the largest deficit in UK peacetime history, that the previous administration had no credible plan to deal with the deficit, that the Government has been clear that everyone will make a contribution to tackle the deficit but that the most vulnerable will be protected, and that the Government is considering a fair fuel stabiliser that could support motorists and businesses when oil prices are high; further notes that the Government in addition is taking forward swiftly its commitment at EU level to introduce a pilot scheme that would deliver a discount of up to 5 pence per litre in duty in remote rural areas such as the Inner and Outer Hebrides, the Northern Isles and the Isles of Scilly, and further notes that the Chancellor will update the House on all fiscal matters at the time of the Budget.

The Secretary of State for Education (Michael Gove): On a point of order, Mr Speaker. I am grateful to you for your ruling earlier this afternoon that the phrase "rank hypocrisy" is unparliamentary language. I should therefore like to withdraw the phrase, which I used earlier today, and apologise to the right hon. Member for Leigh (Andy Burnham), who may have felt that it was directed at him. Under no circumstances would I wish to accuse him of any activity that was in any way covered by the use of unparliamentary language.

Mr Speaker: I am extremely grateful to the Secretary of State and thank him, on behalf of the House, for the apology he has given. As far as I am concerned, that is the end of the matter.

Ms Angela Eagle (Wallasey) (Lab): On a point of order, Mr Speaker. Rumours are rife in the Press Gallery, and more widely, that the Government are planning to announce the result of their talks with the banks on bonuses and lending, otherwise known as Project Merlin, to TV stations and via a press release this evening. Do you agree with me that if the Government are doing private deals with the banks, they should have the courage to come to the House, that the House should be the first to hear about it and that announcing the outcome behind the backs of Members of this House would be totally unacceptable?

Mr Speaker: I am grateful to the hon. Lady for both her point of order and her advance notice of it. The Procedure Committee published its report on ministerial statements only last week, reaffirming the principle that important statements should be made first to this House. As a former Minister, and indeed an experienced parliamentarian, she will be aware of her options for taking up the matter. The Table Office will be open until the rising of the House, and it will not have escaped her notice that the Leader of the House is in his place and has heard what she has said.

Registration of Members' Financial Interests

7.53 pm

Mr Kevin Barron (Rother Valley) (Lab): I beg to move,

That—

(1) this House agrees with the recommendations in the Tenth Report of the Committee on Standards and Privileges, on Registration of income from employment (HC 749); and

(2) accordingly the resolution of the House of 30 April 2009 relating to the Registration of Members' Financial Interests be amended, by leaving out paragraph (2) and inserting:—

"(2) That such a payment shall be registered

(a) where its value exceeds one tenth of 1 per cent. of the current

Parliamentary salary; or

(b) where the total value of payments from the same person, organisation or company in a calendar year exceeds 1 per cent. of the current Parliamentary salary."

Hon. Members will recall that the Leader of the House is one of my predecessors as Chair of the Standards and Privileges Committee. I know that he will be as pleased as I am that time has been found to take forward two sets of proposals in which he played an important part in a former life, particularly as one of them was agreed in the 2008-09 Session.

The more recent of the two reports seeks to make a simple but welcome change to the rule requiring Members to register each payment they receive for work carried out outside the House. As we note in the report, it might not have been the intention of the House when it agreed the original resolution in April 2009 to require Members to register bottles of wine or bunches of flowers, but that has been the effect. The problem is that when a Member receives a bottle of wine, a bunch of flowers or maybe even a ballpoint pen as a thank you for giving a speech or hosting an event, it might be intended as a gift, but it has the characteristics of a payment. A gift is given in its own right, without the expectation of anything in return. Where something is given in return for a service rendered, however, it is a payment, and therein lies the difficulty. As we state in our report, the Committee considered whether it might be possible to draw a line between the circumstances in which the bottle of wine or bunch of flowers is clearly a gift, and those in which it is clearly a payment. We concluded that, wherever such a line is drawn, the distinction is unlikely to be sufficiently clear and so the risk that Members would unintentionally fall foul of the rule would remain.

The Committee therefore favours a threshold, but to preserve confidence in the register we propose that it should be set at quite a low level. The level we propose is 0.1% of a Member's salary for individual payments, which is £66, and 1% of a Member's salary for the cumulative total of payments from the same source in the same year, which is £660, which we think is proportionate. By linking it to Members' pay, the House will ensure that we do not have to keep resetting it.

I want to emphasise that we do not take issue with the intention behind the resolution of April 2009, which was that the public should be able to know how much MPs are paid for other employment and who pays them. We simply want to make the rules more workable

[Mr Kevin Barron]

and to catch only the sorts of payments that are relevant to the central purpose of the register, which is to show whether a Member has received a material benefit that might reasonably be thought by others to influence his or her actions, speeches or votes.

There are, of course, other recommendations that we could have made, two of which are particularly worth mentioning. The first is the requirement to register the hours worked. I know that that requirement has not been universally popular in the House, but any proposal to amend it would require proper consideration. I will of course listen to any comments made in today's debate and discuss them with my colleagues in the Committee. The second requirement, which is mentioned in the report, relates to the threshold that applies for gifts. The threshold is currently 1% of the salary, or £660, and was set in 2001. I think that the Committee needs to consider whether that remains the right level and I intend to invite it to do so later in the Session.

Nicholas Soames (Mid Sussex) (Con): I should declare an interest, as I speak quite a lot for colleagues, although so far I have never been given anything—I am not sure what to make of that. The right hon. Gentleman is not only Chair of the Committee, but a long-standing member of it, so he has considerable experience of these matters. On a serious point, does he not agree that if we all lose sight of common sense when it comes to declaring interests, we really will run out of road. We really must return to some form of understanding that, although codification of these matters is now deemed necessary, because of events that we all deeply regret, it does nothing for the standards of this House or for what it might think of itself if we have to codify the value of a gift given to a Member who makes a speech on behalf of a colleague.

Mr Barron: I will not say whether I agree or disagree with the hon. Gentleman. I have said that I will bring all points made in the debate to the Committee's attention, and we will decide on that basis whether to look into these matters.

Mr Speaker: Order. Just before the right hon. Gentleman continues, I note that he has referred to matters that are in motion 3. I make no complaint about that, but it leads me to think that, for the purposes of his speech, he is conflating the two separate motions. As I say, I make no complaint about that. No request was made that the motions be taken together, but if it is for the convenience of the House, the Chair is very happy that they be taken together. [Hon. Members: "Aye."] I get the impression that that is the position. I am grateful. So we shall also consider the following:

That—

(1) this House agrees with the recommendations in the Eighth Report of the Committee on Standards and Privileges of Session 2008-09, on All-Party Groups (HC 920); and

(2) accordingly the resolution of the House of 17 December 1985, as amended on 10 March 1989 and 29 July 1998, be further amended by leaving out paragraph 3 and inserting:—

"3. Groups whose membership:

- is open to all Members of the House of Commons and House of Lords, and
- includes at least 20 Members (each of whom must be a Member of the House of Commons or House of Lords), comprising: at least 10 Members who are from the same political party as the Government, and at least 10 who are not from the Government's party (of whom at least six must be from the main opposition party), and
- includes at least one officer who is a Member of the House of Commons be required to register the following information on the Register of All-Party Groups:

(a) The full title of the group. If persons other than Members of the Commons or Lords are allowed full membership (i.e. voting rights) the term 'Associate Parliamentary Group' must be included in the group's title. If such persons are not allowed full membership the term 'All-Party Parliamentary Group' must be included instead. The rest of the group's title should simply reflect the group's subject so that the latter is obvious from its title alone.

(b) A brief summary of the group's main purpose.

(c) The names of the group's officers. At least one officer must be an MP; each of the other officers must be a Member of the House of Commons or House of Lords.

(d) The names of exactly 20 qualifying Members (each of whom must be a Member of the House of Commons or Lords), comprising: 10 Members who are from the same political party as the Government, and 10 who are not from the Government's party (of which at least six must be from the main opposition party).

(e) The contact details of the group's registered contact, who must be both an officer of the group and a Member of the House of Commons, and is the person ultimately responsible for the group's compliance with the rules of the House.

(f) Any relevant gainful occupation of staff to the group who hold a parliamentary pass (relevant gainful occupation means any occupation that is advantaged by the privileged access afforded by the pass).

(g) The source and extent of any financial benefit (e.g. donations) and the source and nature of any non-financial material benefit (e.g. provision of goods or services) received by the group from a single source outside Parliament, if the value of the benefit equals or exceeds the financial threshold for registration (currently £1,500) in a calendar year. Once the group has made that initial registration, any further donation received from the same source in the same calendar year should be registered if its value exceeds £500.

(h) The website address of any organisation registered as the group's secretariat.

(i) If a consultancy is registered as the group's secretariat, the names and website of the consultancy plus the name of any client of theirs who is specifically paying the consultancy to act as the secretariat must also be registered. The consultancy must either publish on its website its full client list or agree to provide such a list on request, otherwise it is not allowed to act as the group's secretariat.

(ii) If a charity or not-for-profit organisation is registered as the group's secretariat, the former's name and website must also be registered. The charity or not-for-profit organisation must agree to make available on request a list citing any commercial company which has donated either as a single sum or cumulatively more than £5,000 in the course of the 12 months prior to the month in which the request is made, otherwise it is not allowed to act as the group's secretariat.

(i) The address of the group's website, if it has its own website.

(j) The date of the group's inaugural election of officers and of any Annual General Meeting held thereafter.

(k) Affiliation to the Inter-Parliamentary Union and Commonwealth Parliamentary Association, if the group is affiliated to either or both."

I call Mr Kevin Barron, dealing with the two motions.

Mr Barron: I now turn to the report on all-party groups, published in July 2009. The proposals set out in the report are a package, most of them originally

recommended by the previous Parliamentary Commissioner for Standards, Sir Philip Mawer, to whom I pay tribute. In summary, the proposed changes will require each group to register the website address of any organisation acting as its secretariat, where the secretarial assistance is more than £1,500 a year; in the case of a charity providing such support, require the charity to make available on request a list of commercial donors who have donated more than £5,000 to it in the previous 12 months; in the case of a consultancy providing such support, require the consultancy to publish on its website its full client list or provide such a list on request; require groups to register their website address; require groups to include on their website details of their sponsors and providers of secretarial services; and require each group to nominate an MP, who must also be an officer of the group, to act as the main point of contact for the group and also as the person who is ultimately responsible for ensuring its compliance with the rules.

In my view, those are sensible tidying-up changes that will increase public confidence in the Register of All-party Groups. The Committee's report also proposes tightening the rules for the registration of all-party groups by aligning them with those for inclusion on the separate approved list maintained by the Commissioner's office. This means that groups will no longer qualify for inclusion on the register unless they comply with the more extensive requirements of the approved list, such as the need to provide the names of 20 qualifying Members.

Taken as a whole, the changes should improve the scheme's operations, providing clearer rules for those running the groups and those compiling the register, and greater transparency and ease of use for those who wish to consult the register.

Mr Edward Leigh (Gainsborough) (Con): I am just interested in knowing the right hon. Gentleman's general approach. Does he not realise that we had the least corrupt system of any Parliament, perhaps in the world? The more rules and regulations we bring in, the more the registry office will be snowed under. The absurd rule that it has to register every payment is, frankly, ridiculous; it cannot cope at present. The more rules we have, the more people will break them and the more corruption will be driven underground. We should have a general approach, because the public want to know broadly what we earn when that might affect our behaviour—in other words, a fairly large sum. That is where we should be—with as deregulatory an approach as possible.

Mr Barron: As I said earlier, I shall invite the Committee to look into those matters to see whether any changes ought to be made.

I just spoke about the Committee report of July 2009 on making all-party groups more transparent, so that we know exactly who runs those organisations and what moneys go into them. That seems to be an obvious thing for us to do. The report has been waiting for our attention since July 2009, and I hope that the House will commend both reports, so that they can go ahead and make us better at what we do. We might want to look at the issues that were raised in the two interventions, and if we do, we will ask the House and individual Members for their view. On that basis, I commend the reports to the House.

8.3 pm

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): I congratulate the right hon. Member for Rother Valley (Mr Barron) on securing this debate about two modest but important improvements to the rules on the registration of Members' financial interests and on the registration of all-party groups. I also congratulate my right hon. Friend the Leader of the House, as the new rules relating to all-party groups were produced under his chairmanship of the Standards and Privileges Committee back in July 2009.

The Committee's proposal to reintroduce a sensible de minimis threshold for the registration of income from employment will remedy a problem that arose with the rule changes that the House agreed to on 30 April 2009. Under those new rules, Members are required to register every single payment they receive for remunerated employment of any kind, however small its value. The problem is that, for the House's purposes, "remunerated employment" means any benefit of any kind which a Member might receive in exchange for providing a service.

The test is not whether there is a formal employment relationship in law, or whether there is some kind of contractual obligation on either side, but whether the Member would have received the benefit if he or she had not provided some kind of service. This includes any small gift to a Member who addresses a school assembly, opens a village fete or makes, as the hon. Member for Mid Sussex (Nicholas Soames) said, a speech at a constituency function. I am very sad to hear that he has never received any sort of thank you—not even a meal, from the sound of it. I find it extraordinary that he should go so unrewarded for his labours, but nevertheless any gift—

The Vice-Chamberlain of Her Majesty's Household (Mr Mark Francois): A gift would be cheaper!

Mr Heath: The right hon. Gentleman says from a sedentary position that "a gift would be cheaper" than providing a meal. I cannot believe that in the case of the hon. Member for Mid Sussex.

Anyway, any small gift received under those circumstances must be registered, and that has led to a large number of registrations of things that most of us would regard as gifts—tokens of thanks for some small service. For example, my hon. Friend the Member for East Dunbartonshire (Jo Swinson) has been commendably thorough in her registrations, which include a Scottish Bible Society cloth bag worth £2.95, some branded pens and pencils from a local recycling company worth £5 and a Girlguiding centenary pencil to the value of 35p. No one will honestly feel that her judgment has been clouded by the generosity of those gifts, but nevertheless she has complied with the strict requirements that the House places on us all.

My examples would not be complete if I did not mention that my right hon. Friend the Leader of the House has registered a gift of a pair of hand-knitted, yellow socks, which I am very sad to see he is not wearing today. He was given them when he opened a wool shop in his constituency, and I understand that the owners even went to the trouble of contacting his office to establish his shoe size.

Stephen Pound (Ealing North) (Lab): I am quite awed by the thoroughness of many right hon. and hon. Members, but will the hon. Gentleman help me? I do not drink wine—I tried it once and did not much care for it—but when I addressed *The Spectator* dinner just before Christmas the organisers sent me half a dozen bottles of wine. I have not the faintest idea how much they are worth, so how does one find the price if not of a Scottish Bible Society bio-recyclable-degradable bag, then of things like a bottle of wine? Can the hon. Gentleman give some advice or assistance to those of us who are innocents in the area?

Mr Heath: The rather straightforward and dull response to the hon. Gentleman is, consult the registrar if in doubt. The registrar has an omniscience that transcends any normal Member, in that they know the value of all things. They will I am sure be able to find out the value of that wine gift, which I suspect, being from *The Spectator*, is a rather fine half case of wine. I am sure he fully deserved to be paid in such kind.

Nicholas Soames: The hon. Gentleman is himself beginning to stray—I am sure without realising it—into an area where common sense has completely departed. Surely it is important that common sense is exercised in all such matters, but it is absolutely impossible to codify the situation without it looking completely ridiculous.

Mr Heath: It is because there is a danger of the situation looking completely ridiculous that the right hon. Member for Rother Valley and his Committee have come up with the proposed changes. There clearly is a gradation. If the hon. Member for Ealing North (Stephen Pound) were, in response to his speaking at an event for *The Spectator*, given several cases of Chateau d'quem, it might well be considered that that would have an effect on his judgment, whether he consumed them or not—but a half bottle of Newcastle Brown Ale might not be considered to have the same effect.

There is a need for common sense. That is precisely why the right hon. Gentleman has come forward with the proposal for a sensible de minimis requirement worth about the £65 mark. Most people can judge whether what they have received is likely to be in that region. Judging from my experience, I am very rarely given a token that comes to anything like that value. I think that if I were given something of more than that value, it would suggest that I was involved in paid employment of some kind—doing it for some remuneration—and that it should be declared. One must use a level of common sense.

I do not want this debate to become merely an insight into the life of a constituency MP. The purpose of the register is to provide information about any material benefit that a Member receives and which might reasonably be thought by others to influence his or her conduct in the House. The trivial nature of these registrations and the effort and expense involved in registering them does nothing, I would suggest, to contribute to the purpose of the register. I welcome the Committee's proposal to introduce a sensible de minimis threshold of 0.1% of a Member's salary, which currently works out at about £65. That is a sensible compromise between ensuring clarity and accountability while not over-encumbering the register with things that are frankly of little or no concern to any reasonable member of the public.

Turning to the rules on all-party groups, this motion implements recommendations made by the Committee in July 2009. I will not repeat the details of the rule changes, which the right hon. Member for Rother Valley has already outlined to the House. The Government welcome these proposed changes. The House will be aware of the valuable work that is done by all-party groups on a vast range of issues—for example, the armed forces, the BBC, beer and cider, clean water, underground space and shipbuilding. There can scarcely be a country in the world, nor—as the right hon. Member for Saffron Walden (Sir Alan Haselhurst) told a debate in Westminster Hall last week—a condition of the human body that is not covered by an all-party group. As the House will be aware, some groups are campaigning bodies, some are concerned with building relationships with other countries, and some are essentially social groups. The examples that I have here suggest that the parliamentary choir and the rugby club might fall into the latter group, although I have my doubts as to whether they do not also, to an extent, have a campaigning purpose.

I would not wish for one moment to frustrate the work of these groups or to place unnecessary obstacles in their way. However, it is important for the House to have robust registration requirements in place in order to protect its reputation, the reputations of hon. Members, and those of the groups themselves.

Simon Hughes (Bermondsey and Old Southwark) (LD): Although the recommendations are entirely worthy and should be supported, the one issue that remains—the right hon. Member for Rother Valley (Mr Barron) may be able to reflect on it when he winds up—is that groups often appear to be overlapping or duplicating, and we are always spawning more groups than we can manage properly to attend or service. Might it be possible, informally if not formally, for the registrar to ensure, when somebody seeks to register a group, that the activity is not already covered somewhere else, so that we do not end up duplicating activities?

Mr Heath: I am grateful to my right hon. Friend for that comment. He is absolutely right to say that there is a degree of overlap and proliferation among all-party groups. It would certainly be helpful if the registrar were able to give guidance on where there is any likely overlap. I would not be happy for the registrar to be in a position to veto the formation of a new all-party group that might have a different view or complexion as regards a particular matter, but knowing that somebody already deals with a specific subject might be helpful at an early stage in a group's formation in order to prevent duplication.

Mr Denis MacShane (Rotherham) (Lab): I declare an interest in that I am chairman of the all-party group on Georgia, having been asked to take it over from my good friend Bruce George, the former right hon. Member for Walsall. Apart from that, I am not really active in any of these groups. Several colleagues are, however, and they have to overlap; otherwise, the group dies because if it does not have its officers it ceases to exist. Yet they are pilloried in the press as junketeers and all the rest of it. Is there any mechanism that allows them to send a statement to these reptiles that in fact an all-party group for no-man's land somewhere can be of

importance—that these groups can help our ambassadors, chambers of commerce and investment? How do we push back this endless sneering that any involvement with any country outside Britain is something that no right hon. or hon. Member should take part in?

Mr Heath: I am grateful to the right hon. Gentleman for making that point. All-party groups that deal with overseas countries are often of huge value in increasing understanding and maintaining contacts with parliamentarians in those countries and, indeed, their civil societies. He mentioned that Members are often members of several different groups. That, to me, is not duplication. It is not an obstacle; it is simply showing a breadth of interest. My right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) was referring to the situation where more than one all-party group has an overlapping interest, which is not quite the same thing.

All-party groups, particularly some of the overseas groups, are of value. But—and there is a but—there is a need for transparency in the way that they operate and the degree to which they may or may not provide benefit to Members. First, many, but by no means all, groups provide a forum for commercial interests and campaign groups to lobby hon. Members. There is absolutely nothing wrong with that in a free society, and lobbying is one of the routes by which hon. Members can come to a better understanding of some of the policy issues that confront us in this House. However, the public rightly expect to know who is lobbying whom, and on whose behalf and with what outcome. That is the crucial aspect. That is why the Government are working towards increasing transparency and openness in the activity of lobbyists by introducing a statutory register. These proposals also contribute to that objective.

Secondly, as the right hon. Member for Rotherham (Mr MacShane) said, Members receive hospitality, including in some cases overseas travel, through some of the groups. Of course, Members are still under a duty to register any registrable interest personally, but there is a legitimate public interest in the publication of full details about the groups under whose auspices such benefits may be received.

Finally, although all-party groups are independent of the House, they carry something of its brand. They can use the word "parliamentary" in their titles, and they have access to the facilities of the House. I am sure that in the public mind, the distinction between an all-party group and a Committee of this House is unclear, at best. The House therefore has a legitimate interest in ensuring that the groups observe the highest standards of transparency.

I should like finally to touch on an issue of drafting. The motion refers to Members who are from the same political party as the Government and those who are not from the Government's party—singular. I have been advised by the Clerks that this is already being interpreted in motions relating to all-party groups, as it is in other resolutions of the House, as meaning all those parties making up the Government in the situation of a coalition. This is the advice that has been given to Members since the start of the Parliament by those operating the system, and it is working without any problem to date. While it would have been possible to amend the motion so that it reflected more accurately the current position of the coalition Government, it would have put it at odds with other resolutions in use around the House. For that reason, the motion is not being amended and is being put to the House in a form consistent with other resolutions of the House.

On behalf of the Government, I thank the right hon. Member for Rother Valley and other members of the Standards and Privileges Committee for their work. I am pleased to support the motions and commend them to the House.

8.18 pm

Helen Jones (Warrington North) (Lab): I begin by thanking members of the Standards and Privileges Committee, both past and present, for the work they have done to bring these two motions before the House. We have heard from Members about the need for common sense in our procedures. The motions are an attempt to introduce some consistency and common sense into our registration procedures. It is very easy for the House to set out general principles, but it is often quite tricky to bring forward the motions that put those principles into practice. In this case, the Committee has done a good job, and I support the proposals.

One of the motions deals with the registration of all-party groups. I must declare an interest as the chair of the all-party group on stroke and as secretary of the parliamentary friends of CAFOD—the Catholic Fund for Overseas Development—group.

It is interesting to look back on how the Committee's consideration of these matters arose. Originally, there was a report on lobbying and all-party groups by the Parliamentary Commissioner for Standards. The Committee rightly looked at his recommendations to work out how they could be put into practice and which it was most sensible to put into practice. Having looked back at the original suggestions, I am bound to say that some of them were unworkable.

The Committee has attempted to make the way in which assistance to groups is registered transparent and to prevent the register from increasing to such a volume that it is unusable or that it requires corrections every other day. Hence, it suggests that we stick to the current principle that benefits worth less than £1,500 in a calendar year are not registrable. The onus is put on consultancies that work with all-party groups to be transparent about their clients, either through a published list on their website or by making such a list available to people who ask for it. It also places requirements on charities.

Geoffrey Clifton-Brown (The Cotswolds) (Con): Perhaps this is a question that I should have asked the Deputy Leader of the House. How does the hon. Lady envisage the £1,500 limit working for people who give pro bono advice to parliamentary groups? Will they have to compute a value for that advice, or will it be taken on face value that it is not charged and therefore is not declarable?

Helen Jones: The hon. Gentleman raises an interesting question. It is quite easy to put a value on secretarial support and staff time. Pro bono advice is a more difficult area, and I cannot give him an answer on that off the top of my head. He is right to raise it, and it needs to be discussed, perhaps by the Standards and Privileges Committee and the Registrar of Members' Interests.

[Helen Jones]

I am grateful to the Committee for considering how charities should operate in this regard, and for making it clear that it does not want to put an insupportable burden on charities that work with all-party parliamentary groups. The Committee does ask charities to make available lists of commercial companies that have donated more than £5,000. That is a sensible proposal.

As we have heard, there are proposals on making websites available. There are also recommendations to align the rules relating to the Register of All-party Groups with the rules relating to the approved list, so that only groups that meet the criteria for inclusion on the approved list should be permitted to register. The Opposition believe that those suggestions are sensible and proportionate. They meet the requirement of transparency, while not imposing unnecessary burdens, particularly on charities.

The House tried in 2009 to deal with the registration of income from employment, when it decided that all income from other employment should be registered, whether or not it exceeded 1% of the parliamentary salary in any year. The then Standards and Privileges Committee said that the rule would probably have to be reviewed in this Parliament. In particular, it suggested that there be consideration of a de minimis rule. Members who were in the House at the time will remember that there was a debate on whether, for instance, a bottle of wine given to someone after a speaking engagement would become registrable as remuneration for employment. The then Chair of the Committee thought that it would, and the Minister replying thought that it would be counted as a gift or hospitality and therefore would be subject to the de minimis rule for gifts. That difference was not over the intention of the rule, but about how it would be interpreted in practice.

It is clear that the advice given to Members has led to the registration of things such as pots of honey and bunches of flowers. I do not believe that such things would be regarded by any of our constituents as remuneration for employment. Frankly, if anyone is working for a pot of honey, I dread to think how many employment laws are being broken in the process. I will not even try to enumerate them, because it is so long since I practised law.

I also think that the registration of such things is perceived as an insult to those who gave them, who simply thought that they were making a generous gesture or rewarding hospitality; they did not in any sense think that they were rewarding a Member of Parliament. It has been common for my constituents to load me with flowers—I am sure that other hon. Members are given flowers wherever they go. My constituents do not believe that they are paying my wages in doing so. They believe that they are making a kind and thoughtful gesture. That is how it should be dealt with.

The Committee has recommended that registration should apply only to payments of more than 0.1% of the parliamentary salary and of more than 1% of the parliamentary salary for multiple payments from a single source. There are Members who think that the registration threshold is still too low. I suggest that we will have to consider that in the future. I understand why the Committee made this recommendation.

Geoffrey Clifton-Brown: I am grateful to the hon. Lady; she is being very generous in giving way, and I do not want to prolong this debate. I have a feeling that the threshold may be too low, particularly as parliamentary salaries are likely to be frozen or have very small increases in the coming years, whereas the inflation on gifts will be 4% or 5%. The fiscal drag of bringing registration into the system will become greater and greater. If we are not careful, it will lead to the situation that she described of the register becoming too full to be used.

Helen Jones: The hon. Gentleman makes a valid point.

I understand why the Committee made these recommendations: they are simple, easy to operate and do not need constant updating. I suggest that the House needs to let the rules bed in and then see how they are working. We have to get to a situation where what we register is what can reasonably be thought to influence hon. Members. I argue strongly that if anyone in this House can be influenced by the gift of a pencil, a pot of honey or a bag, they probably should not be here. I do not think that any of our constituents believes that we can be influenced by such things. We can look again at the operation of the rules over time, but for the moment, they are the sensible way forward. I thank the Committee for its work and I commend the motions to the House.

8.27 pm

Robert Halfon (Harlow) (Con): The report by the Standards and Privileges Committee on all-party parliamentary groups makes three reasonable suggestions that I support. First, a list of commercial companies that donate more than £5,000 to an APPG should be available on request. However, I see the case for a lower threshold—possibly £500—to ensure that APPGs are as transparent as possible. Secondly, a charity that supports an APPG should have its website listed on the Register of All-party Groups so that people can access relevant information. Thirdly, publications by APPGs should carry the names of their authors and the organisations that provide secretariat services to the group, plus the names of any relevant client or sponsor. Parliament should be transparent and I believe that these reforms will help us to move in that direction. However, I am concerned about which organisations can become an APPG's secretariat and the parliamentary access that it affords.

Last week at business questions, I asked the Leader of the House for an urgent statement on iEngage, an extremist group that seeks to influence Government and discredit moderate Muslims. It has been appointed secretariat to the new APPG for Islamophobia. It defends mosques that host terrorist preachers, schools that teach anti-Semitism and homophobia, individuals such as Daud Abdullah who have pressed for terrorist attacks on the British Navy, and the invitation of hate preachers to Britain. When those revelations emerged, the elected chair of the APPG, my hon. Friend the Member for Keighley (Kris Hopkins), and the vice-chair Lord Janner, stood down in protest.

Sir Peter Bottomley (Worthing West) (Con): I am sorry to trouble my hon. Friend, but perhaps I can give him notice that I will make a passing comment on that matter if you call me to speak later in the debate, Mr Deputy Speaker. There may be more than one side to this.

Robert Halfon: I look forward to it, and I had a feeling that that was the case from the e-mail that my hon. Friend sent me. Because he is counter-intuitive on so many issues, I urge him to be counter-intuitive on this one and not to go along with the tide of taking the soft way on Islamism.

I received a letter from the Serjeant at Arms today informing me that iEngage has not yet been issued with a parliamentary pass. I am grateful to her and her office for their prompt and professional response on the matter, but at the same time, there is still some confusion in the House records, as the register of APPGs on the parliamentary website on Friday 4 February, last week—I have it here—was still indicating that iEngage's head of research, Shenaz Bunglawala, had been granted a Commons pass in her capacity as the secretariat to the all-party group on Islamophobia.

Simon Hughes: To follow up on what the hon. Member for Worthing West (Sir Peter Bottomley) said, I am sure that the hon. Member for Harlow (Robert Halfon) has done his research and understands that I remain an officer of that group. I will therefore seek to catch your eye, Mr Deputy Speaker, because it is important that the latter's comments, which are his opinion, are not necessarily regarded as factually and objectively accurate. I am very happy to engage in the debate, but there are certainly at least two sides to the story, if not more.

Robert Halfon: My later remarks will show that I am not just giving an opinion, I am giving hard facts. I urge my right hon. Friend, who is a progressive individual, to look at the organisation in question properly and support progressive Islamic groups that do not hold the views that iEngage holds. We should judge organisations by the company they keep. Just as he would condemn somebody who spent their time supporting fascism, even if they did not commit fascist acts, he should not support Islamist groups that support extremism.

Stephen Pound: I am listening with great interest and, I have to say, with very little knowledge of the circumstances that the hon. Gentleman describes. The subject to which he is speaking seems so important that I ask him whether it would not be more appropriately addressed in a full and separate debate of the House rather than in the context of the motions before us.

Robert Halfon: I did ask my right hon. Friend the Leader of the House for a debate and a statement last week, and he suggested that I bring the matter up in this debate. As this matter is about the secretariat of an APPG, I think the current debate is the right forum for bringing it up.

The online records on the parliamentary website state that iEngage

"acts as the group's secretariat",

a role that involves taking minutes of its meetings and heavily influencing its reports and speaker programme. The Serjeant at Arms has clarified to me in absolute terms that no pass has been issued. In an e-mail to me a few hours ago, she stated:

"We have spoken to the ex-Chairman and ex-Deputy Chairman of the APPG. It was iENGAGE who claimed they had a Parliamentary pass, but there is no evidence whatsoever to support this claim. As I said before, no application has been made and no pass issued for anyone connected to iENGAGE."

Mr MacShane: I think it is appropriate for this matter to be discussed in the debate, because it is a great worry to many people that an organisation with a very clear ideological purpose should be seeking to infiltrate the House of Commons and act as a secretariat. My Muslim constituents are worried about that. I do not know Mrs Bunglawala, but I have certainly heard Mr Bunglawala say at a meeting that he cannot condemn the lapidation—stoning to death—of women, because thus it is written in the Koran. He is entitled to that point of view, but I do not think it should be propagated. As the Prime Minister rightly says, and as I have been saying for some time, we have to keep ultra-Islamist ideologues out of our campuses and keep them from poisoning young minds. If there is even a hint of suspicion—and there is more than that—that it is now the secretariat of an all-party group, it is quite appropriate for the matter to be raised tonight.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I think that we are in danger of straying into security matters. I would like us to try to keep to the motion. I know that it is broad, but we are in danger of going down an avenue that could possibly lead to security matters about who is and who is not issued with a pass. I would therefore appreciate it if we stuck to the general motion.

Robert Halfon: I will do my best, Mr Deputy Speaker. I thank the right hon. Member for Rotherham (Mr MacShane) for his remarks. As he does so often on the issue that we are considering, he hits the nail on the head. The Prime Minister's comments at the weekend fit very much with his line of thinking.

I oppose Islamophobia in all its forms as vehemently as I oppose anti-Semitism, chauvinism or any bigotry. I was recently on an all-party group delegation to northern Iraq in the predominantly Muslim state of Kurdistan, which is a beacon for the prosperity and security that can be achieved when Christians, Muslims and Jews live harmoniously together. I am an active member of the APPG on Kurdistan and secretary of the APPG on Azerbaijan because I want to support progressive Muslim nations.

However, the problem with iEngage and its aggressive approach is that the views that it publishes and defends and the well documented history of its officers and trustees undermine any attempt to tackle anti-Muslim bigotry. Indeed, iEngage supports precisely the sort of extremist groups that fuel prejudice and anti-Muslim hatred, and grossly misrepresent Islam.

Shortly after my request for an urgent statement on iEngage, I was attacked online in what appeared to be a co-ordinated effort. That included a verbal assault from Inayat Bunglawala, who until recently was iEngage's head of policy and research.

Mr Deputy Speaker: Order. I understand that the hon. Gentleman wants to get things on the record, but we are dealing with a motion, and I think that we are straying away from the relevant points to which we should be sticking, and getting into issues about individual groups. The motion is about the future of all-party groups, and I am not sure where the connection is. I understand that the hon. Gentleman wants to make his points, but we are in danger of straying way off where we should be.

Robert Halfon: On a point of order, Mr Deputy Speaker. I had originally planned to make a point of order about the subject this afternoon, but the Speaker's Office asked me whether I still wanted to do that, given that I would be raising the matter tonight, and I said no. The Speaker's Office was therefore well aware that I intended to raise the issue, and because it is about an APPG and its secretariat, I feel that it is relevant to tonight's debate.

Mr Deputy Speaker: Comments must relate to the motion. I understand the advice that has rightly been given, but speeches must relate to the motion.

Sir Peter Bottomley: Further to that point of order, Mr Deputy Speaker. For us to stick to the terms of the motion, passing references to individual matters may be fine, but if we are induced—rather than "provoked"—into going into such issues in detail, the debate will change its character and its usefulness. If the advice to my hon. Friend the Member for Harlow (Robert Halfon) was that he could mention the subject, that is fine, but to go on at great length will lead to the rest of us trying to do the same thing.

Mr Deputy Speaker: That is quite right. Hon. Members could start raising other issues, and I am therefore frightened that the debate will not be the one that we should hold, and that we will be drawn into other subjects. The hon. Gentleman has mentioned the issue that he needed to raise, but the debate must not stray from the motion.

Robert Halfon: I need to raise the issue because we are discussing APPGs under the motion.

Mr Deputy Speaker: Order. You may wish to raise the issue, but you cannot. We must stick to the motion. I am trying to be as helpful as I can, but we are being tested. Please, if you can relate the matter directly to the motion, do that, then we can continue, rather than drawing other Members into a subject that we should not be discussing tonight.

Simon Hughes: On a point of order, Mr Deputy Speaker. I remain an officer of the group, and there is an issue about who should comprise the secretariat. There will be a meeting for colleagues in both Houses to discuss the matter, which will be reviewed. I hope that that will be an appropriate forum for discussing the way in which the group will be looked after, and that we can take the subject away from the wider debate to an appropriate place for people who have an interest.

Mr Deputy Speaker: I welcome the point of clarification, which certainly clarifies matters to the House. I thank the right hon. Gentleman.

Robert Halfon *rose—*

John Mann (Bassetlaw) (Lab): Is not one of the key issues that the hon. Gentleman highlights the dilemma of whether a group of Members of Parliament, as an APPG, appoints a secretariat, and the danger that, in some instances, a secretariat—particularly a professional one—can essentially scout around for Members of Parliament to create the all-party group that the secretariat wishes to run? Should not Members of Parliament appoint a secretariat, not the other way around?

Robert Halfon: Yes. The hon. Gentleman is exactly right. There should be proper security procedures and vetting for organisations that become secretariats of all-party groups.

The right hon. Member for Bermondsey and Old Southwark (Simon Hughes) said that what I said was just my opinion. If I am not allowed to continue in that vein, I cannot answer his query and those of others on why I said what I have said. I need to give evidence to show why I am so worried that the proper procedures have not been adhered to in relation to secretariats of that particular group. I therefore hope you will allow me, Mr Deputy Speaker, to elaborate a little bit.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I am not going to be tempted down that avenue. We have said that we have a debate before us, and I want to make sure that everybody is aware that we stick to it. The motions are about the new rules and the future of groups. We are talking about an issue that has happened, and I believe that that discussion ought to take place in another forum—the appropriate forum. The detail that we are getting down to is not for here, tonight. This debate is not about that.

Mr MacShane: On a point of order, Mr Deputy Speaker. The motion is widely drafted. It states:

"If a charity or not-for-profit organisation is registered as the group's secretariat, the former's name and website must also be registered."

It also states that such an organisation must announce what it is and tell us about the details of its website. One cannot argue a general case without adducing evidence and examples, and the hon. Member for Harlow (Robert Halfon) is doing exactly that. There really is no point in debating these things—

Mr Deputy Speaker: Order. That is not a point of order. I have got to say that the debate must relate to the motion before us, but it is not at the moment. As much as advice might be given from right hon. and hon. Members, I am making the ruling. The debate must be related to the motion before us—that is the end of that. If the hon. Member for Harlow wishes to continue on the motion before us or to relate the two motions together, that is fine.

Robert Halfon: In conclusion, although I support all-party parliamentary groups, I call on members of the all-party group on Islamophobia to think seriously about their choice of secretariat and the message that that sends. I ask the Standards and Privileges Committee and the Serjeant at Arms to consider how the House might vet the secretariat of APPGs—perhaps by a special committee—before they are placed on the approved list, especially when there are security concerns.

8.42 pm

Chris Bryant (Rhondda) (Lab): I commend the hon. Member for Harlow (Robert Halfon) for bringing an important matter to the attention of the House. I am sure that many will want to pursue the issues that he raised in many different places, not least the right hon. Member for Bermondsey and Old Southwark (Simon Hughes). I want to correct the hon. Gentleman on just

one word that he used. He referred inadvertently to the all-party parliamentary group "for" Islamophobia, but I think it is the all-party group "on" Islamophobia. Sometimes even prepositions are important.

I confess that motion 2 is on the Order Paper perhaps because several right hon. and hon. Members think that I got the matter wrong when I was a Minister. I see the Leader of the House winking at me now, possibly because he agrees that I got it wrong. I commend my right hon. Friend the Member for Rother Valley (Mr Barron) for his stewardship of the Standards and Privileges Committee. The hon. Member for Worthing West (Sir Peter Bottomley) said earlier how important it is that my right hon. Friend is not only a long-standing Member of the House but a long-standing member of that Committee, and that that is an important element in his work. For that matter, he was also the Chair of another Select Committee.

The answer that we have come up with in the motion is, I believe, the wrong answer. I do not intend to press it to a Division, but I believe that we have the wrong answer, and I shall explain why. There is no great problem with the rules as they are currently drafted. The Leader of the House and the Deputy Leader of the House disagree with me, as they did when I was a Minister, but I believe that they have presented the nature of the problem wrongly.

The Deputy Leader of the House was absolutely right about the entry of the hon. Member for East Dunbartonshire (Jo Swinson). There was no need for her to record the receipt of Girlguiding centenary merchandise, flower festival flowers and all the rest of it. Nor was it necessary for the Leader of the House himself to record that he was presented with a bottle of 2008 Beaujolais Villages valued at approximately £10—incidentally, it can be bought in most places in Rhondda for about £6.50—after he spoke at Bishop Wordsworth's Church of England grammar school for boys for 45 minutes. If that was honestly the advice that hon. Members were given by the registrar, I think it was inappropriate advice.

A distinction should be made to identify clearly those cases in which a reasonable person would think that somebody was being given remuneration for providing a service, and in none of those cases would it seem to a reasonable person that somebody was being remunerated. I would use this rule: if I had not been given that bottle of wine, pen or whatever, would I still have made the speech? Would I still have opened the Girlguiding centre or whatever? The honest truth is yes, I would. It would not have made the blindest difference to me. That is the rule that a reasonable person would follow. I know the registrar, I have always followed her advice and I respect her enormously, but she might have used a legalistic understanding of the rules that would not in all honesty be followed by any of our constituents.

Let us imagine for the moment that the registrar is right and that all those cases should have been registered. Has it done any great harm that they have been registered? I do not believe it has done any harm to anybody. There is a greater sense of transparency, and I do not think that that is a problem. However, let us say for argument's sake that we should not make a distinction between gifts and remuneration. There is an argument for that. It could be argued that any gift we receive for doing something—after speaking at a meal, for example—whether to the value of £400, £500 or whatever should be considered in exactly the same way. However, that is not the proposition before us this evening. The proposition is that a gift should be registered if it has a value in excess of 1% of salary, and that remuneration should be registered if it has a value in excess of one tenth of 1%. *[Interruption.]* I think that the Chairman of the Standards and Privileges Committee is disagreeing with me. If he wants to intervene, I am happy to give way—but he does not. I can see an argument for not making a distinction at all and for having exactly the same level for gifts and remuneration. However, I cannot see an argument for introducing a new concept at £65.

Simon Hughes: The hon. Gentleman might have just answered my point. To people reading and listening, talking in money terms is as relevant as percentages and tenths of percentages. Out there, people just want to know how much money we are getting or what the monetary value is.

Chris Bryant: That is another good point. To be honest, I think it makes more sense to have a fixed amount. The old rule used to be £125 for registration. At the moment, the limit is zero, but if the motion is passed tonight, it will move to something in the region of £65 or £66. I would prefer the number to be fixed, so that it is perfectly intelligible to every member of the public.

We all use a layer of common sense. I am chair of the all-party group on Russia. As hon. Members might know, I have adopted a very hawkish attitude towards the Russian Federation. I believe that there are many abuses in Russia and, as chair of the all-party group, I have tried to advance that argument. Now, I must confess that I was given a bottle of vodka by the Russian embassy at Christmas. I did not believe it to be a remuneration for the questions I had asked or the tenor of the debate I had conducted in the House, so I did not even bother to ask the registrar whether I should have registered that bottle of vodka. I have always been a bit suspicious about some gifts so, as it happens, I have not even opened that bottle of vodka, which is still sitting precisely where I put it when it arrived. I suspect that I will probably not get any more bottles of vodka from the Russian embassy.

If one pursued the Deputy Leader of the House's logic, one could argue that if a Member is invited to dinner by an embassy and, somehow or other, they speak at that dinner—whether or not they are actually the speaker at the dinner—that is remuneration. However, I just do not think that that meets the common-sense test. I honestly believe that the proposition before us this evening is the wrong proposition. I can see an argument for perfect equality between gifts and remuneration, but I cannot see the argument for what is before us this evening.

Finally, on all-party groups, I agree with the hon. Member for Harlow in that when I became the chair of the all-party group on Russia, a large number of people suddenly started ringing me offering to work in the secretariat. I am sure that some did so with perfectly good intentions; I am also sure that some did so with not-so-pure intentions, because they wanted to grind an axe in relation to Britain's attitude towards Russia. The more that all-party groups can assert some genuine

[Chris Bryant]

independence, the better. That is why the hon. Gentleman is absolutely right that it is important to look at the process for providing an all-party group with a secretariat.

8.51 pm

Mr Robert Syms (Poole) (Con): If an example were needed of why we need these rule changes, it is that we are having a short debate today in which a number of Members have already disagreed about what the existing rules actually are. A de minimis level is sensible, because it takes one beyond what is arguable. Members of Parliament do not want to go to bed at night wondering whether they should or should not have declared something, whether it be a box of chocolates or a pencil sharpener. The fact that the level is £65 makes things fairly clear. It also removes some of the burden placed on the registrar and her staff, who are put under quite a lot of pressure by this House because of the rules that have had to be applied. Indeed, if we are not careful, we will fill the Register of Members' Financial Interests with a lot of extraneous rubbish and people will not be able to see the wood for the trees. De minimis levels are therefore sensible. I hope that what the right hon. Member for Rother Valley (Mr Barron) has brought to the House today will be the first of a number of such thoughts on a number of issues that we have to clear up, because we have gone from having too liberal a position to making a rod for our own backs and creating difficulties for the registrar. I welcome this resolution and commend the Standards and Privileges Committee for bringing it to the House.

The issue of all-party groups is one that ought to receive a lot more scrutiny. We all know of examples of all-party groups that are run by particular organisations. Sometimes public affairs companies are employed by charities or other organisations to run a group. I am a member of a number of all-party groups, including some that I do not think I have ever joined, but which claim me. I think that we are all in the same situation. Sometimes people say, "You haven't been to the all-party group meeting," and I wonder which one it is, when I joined it and how I can get out. It is a little bit like joining the mafia, Mr Deputy Speaker: once you give a half-hearted "Well, possibly" to somebody, you get put on a list and you are there for evermore. If I sat down and honestly listed all the all-party groups of which I think I am a member and all those of which I actually am a member, I am perfectly sure that they would be very different lists.

One thought for the Chairman of the Committee is this. Having to put in writing the fact that we were going to join an all-party group might be one way of testing the numbers joining such organisations. Realistically, we know that Members put friends, colleagues, neighbours or anybody they can find in a weak moment on to all-party groups, but the attendance for some of them is very poor. What the motion says about declarations is perfectly right. They should be transparent. We should see who is behind all-party groups and their grand titles, but if we are going to take them seriously, we should have some way of registering the real interest of Members of Parliament. If, God forbid, we made it mandatory to publish which members of an all-party group had attended its meetings, nobody would join them, because none of us has any time to go to any of them. Whenever I get the all-party "Whip" and I read about all the all-party groups, I think that anybody who was a member of even half of them would not have time to do anything else if they went to all the meetings. So there has been some inflation in that area. Certain organisations use the authority of an all-party group to produce campaigns. My hon. Friend the Member for Harlow (Robert Halfon) made a serious point, and I hope that the Chair of the Committee will take that back. Perhaps an Adjournment debate would be a legitimate forum in which colleagues could pursue that issue.

We know that all-party groups have grown rapidly, and that they now exist for all body parts and all parts of the globe, as the Deputy Leader of the House said. There ought to be a much stronger test for an all-party group. We ought to be able to see who its members are, and the resolution before the House will mean that any provision of secretarial support, finance or back-up—whether in the form of champagne receptions or anything else—should find its way into the register so that we know what is going on. I welcome what has happened, and I hope that this is the start of a process whereby we can get some common sense back into the rules.

8.55 pm

Simon Hughes (Bermondsey and Old Southwark) (LD): I welcome this short debate, and I thank the right hon. Member for Rother Valley (Mr Barron) for his work and that of his Committee. I also thank the Leader of the House, who started the work on this subject earlier. I support both the motions. I made my first point during an intervention on the hon. Member for Rhondda (Chris Bryant). It was that, in due course, we might want to talk about payments in sums rather than percentages, for the sake of greater transparency. I am happy that we are starting where we are, however. The proposal will create a reasonable division between the more substantial gift and the single gift—the bottle of wine, the pair of socks—given as what the hon. Member for Warrington North (Helen Jones) described as a courteous thank you. I had visions of her making a kind of royal procession round Warrington with her arms full of flowers—all, I am sure, gratefully given and received. Also, we should not over-regulate. There is a balance to be struck, and we seem to be going in the right direction.

I want to make two further points, about all-party groups. The first follows the theme pursued by my hon. Friend the Member for Poole (Mr Syms). I, too, have always felt that there was a danger that these groups could proliferate. We can sign up 20 people relatively easily, but getting them to come to meetings is a wholly different ball game. Of course it is right that there should be an all-party group with an interest in Russia. It is a very important country for us to take an interest in, and elections are held to decide who the officers of that group will be. For example, I am a member of various all-party groups, and I have served as an officer in many of them. I am a member of the all-party parliamentary group on Ukraine, which is next to Russia. It is a very big, important country—the second largest European country—and we have a duty to take an interest in such a developing democracy. It is relevant not only to democratic issues but to energy issues and the like. There are all kinds of different all-party groups.

Secondly, on the subject raised by the hon. Memberfor Harlow (Robert Halfon), we have had an all-party group to deal with anti-Semitism for many years, and rightly so, because it is a plague and a scourge on our country. It is therefore unsurprising that there is now a newly formed group on Islamophobia. The hon. Member for Rhondda rightly pointed out that it is a group "on" Islamophobia, not a group "for" it. Islamophobia is also a scourge. The Prime Minister spoke about it only this weekend in his speech in Munich. Whatever we might think about the tenor and balance of that speech, this is a real issue in many of our constituencies. I see the shadow Leader of the House, the right hon. Member for Leeds Central (Hilary Benn), nodding. His city, as well as mine, has seen faith-based prejudices that are directed at other faiths, and there are other prejudices that we also need to counter.

All the proposals in the motion are reasonable.

"The contact details of the group's registered contact"

should be made public, so that there can be an accountable person.

"Any relevant gainful occupation of staff to the group who hold a parliamentary pass"

should be publicised, so that if any pass holder is paid by someone else, we would know who they are.

"The source and extent of any financial benefit (e.g. donations) and the source and nature of any non-financial material benefit (e.g. provision of goods or services) received by the group from a single source outside Parliament"

above a certain amount will have to be publicised, so that people will know exactly where the servicing is funded from. That is absolutely right. The hon. Member for Rhondda made the perfectly good point that, because these groups have a certain status, and because they can use parliamentary logos such as the portcullis, there is an interest in being associated with them. The Chairman of the Committee also knows that very well.

Lastly, the website address should be publicised. The rules are much more explicit than in the past, so if a consultancy or a for-profit organisation is acting as the secretariat, we must know what the consultancy is and what it does—it must supply the information. Similarly, if it is a charity or a not-for-profit organisation, the rules are explicit that it

"must agree to make available on request a list citing any commercial company which has donated either as a single sum or cumulatively more than £5,000 in the course of the 12 months prior to the month in which the request is made".

We will have a much better system; I do not think it will be perfect, but it will be much better.

Given your clear rulings earlier, Mr Deputy Speaker, I hope I have already made a helpful intervention to calm the House. A group has been set up—properly—on Islamophobia. In a meeting at which I was not present, a secretariat was appointed. I had agreed to be elected as an officer; other officers have now resigned. The secretariat has been a controversial issue and there are campaigns on both sides of the argument. My office has been in touch with that of my hon. Friend the Member for Harlow to ask for information to back up what he is saying, although I have not yet received it. I will be happy to receive it. There will be a meeting for all colleagues who wish to come. I have no prejudice in favour or against a particular organisation being the secretariat, and I now regard it as my duty to try to proceed carefully and with consensus, but I am not going to allow myself to be bullied into having or not having a particular organisation because it might have some views that are difficult for others to accept.

All parties are debating how to manage organisations that deal in these difficult areas of faith-based issues, which apply in your constituency, Mr Deputy Speaker, as in mine. Some people think we should go to meetings or events with people whose views we may disagree with or who might have more extreme views than we would normally tolerate. I have been to some such events. I attended a Global Peace and Unity event last year in order to speak on behalf of my party, and a Minister attended to speak on behalf of the Government. The co-chairman of the Conservative party was asked not to go, because it was not thought that a Conservative representative would be appropriate. These sort of debates will carry on.

We have to take advice and to act in the best interests of Parliament and the wider community. All I hope I can do is to assure those who take an interest in our proceedings that agreement to tonight's motions will lead to better procedures. All-party groups will not lack controversy, just as our debates on the Floor of the House do not lack it. It is right that there is a place for controversial issues to be discussed, but I hope that they will be discussed on the basis of facts and an understanding of the severity of some of the issues dealt with by all-party groups. I hope that this debate has pointed people in the right direction. I hope that the last group I mentioned will know where it will go next—legitimately, properly and appropriately. More generally, I hope that people will understand that we have processes for these issues and that the processes are good ones.

Finally, my understanding, like that of many colleagues who have been involved with these matters, is that all pass holders are security checked for this House. Whatever their status, all staff and anybody who comes in must be checked, and not just by the House authorities, as the matter is then referred outside. That provides the protection. I assume that any colleague who has any worries about any pass holder in any organisation will follow the appropriate procedures, which are well known to Members. The inquiries must be made. Passes have been removed if people have held them inappropriately; and people have been prevented from being here if it is inappropriate for them to work here. We have to assume that the authorities continue to do a good job. We have not had problems regularly in the past. I trust the authorities to be vigilant; that is what we pay them to do. I think they serve us well in doing that.

9.3 pm

Sir Peter Bottomley (Worthing West) (Con): It is a pleasure to follow my hon. Friend the Member for Harlow (Robert Halfon), the right hon. Member for Bermondsey and Old Southwark (Simon Hughes) and others. I am not certain that security vetting solves all problems. The number of people who have been assassinated by their own bodyguards suggests that there might be a weakness in that.

Chris Bryant: It is worth bearing it in mind that the person working as the secretary for the all-party parliamentary group on Russia, prior to my becoming

[Chris Bryant]

the chairman, is supposedly being thrown out of the country by the Government, yet managed to get a security pass here.

Sir Peter Bottomley: I recall that about 25 years ago, the London representative of the Palestine Liberation Organisation was assassinated for being too moderate. Many people who take part in public affairs are at risk, which is one of the risks that an open society faces in peacetime just as it does at times of war.

Let me say to the right hon. Member for Rother Valley (Mr Barron) that, although I do not intend to try to divide the House on the first motion, I think it would be better to specify 0.2% or 0.3% of the parliamentary salary. A long time ago, when I was a Minister, I visited a country in south-east Asia and was presented with a tin bowl. I saw the same bowl in a shop priced at the equivalent of £130 in local currency, so I gave it to my private secretary. At the airport on my way home, I saw it again priced at £65, so I asked for it back. *[Laughter.]*

There will be boundary problems of that kind whatever limit is set, but my general view is that a limit of £130 or £180 would be better, and that it would be even better to make the limit the same as that applying to gifts presented to Ministers. As for the question of Members' including on their websites gifts whose value was below the minimum, the registrar could advise us if we tried to include details that were not required according to the interpretation of the rules.

In view of your ruling, Mr Deputy Speaker, I shall not add to what has already been said about the motion on all-party groups. If it is possible for me to attend the meeting of the all-party group that has been mentioned, I will happily do so.

Let me, in passing, pay tribute to some people in my constituency. When I was involved with students from the Three Faiths Forum, I was delighted that the senior Jewish woman in my constituency was willing to meet us, as were representatives of the local Islamic society and mosque, the Salvation Army and the Worthing Churches Homeless Projects. It was immensely valuable that people were able to share that experience, and learn along with members of other faiths and people with different views. I also pay tribute to members of my local mosque, who have been pleased to attend the holocaust memorial event in Worthing. I hope that its organisers will at some stage focus on the massacre at Srebrenica. It should be borne in mind that the most recent modern massacre in Europe was a massacre of Muslims, both secular and otherwise, by people claiming membership of other religions.

I have no strong views on the issue of all-party groups, but there seems to have been a bit of "creep". Paragraph 13(b) on page 5 of the "All-Party Groups" report by the Committee on Standards and Privileges, the eighth report of Session 2008-09, HC 920, states that in future such groups should have to

"register any commercial company with a direct interest in the work of the APG which contributes materially (say more than £5,000 or 5%, whichever is the lower) to meeting the central costs of the charity."

According to the motion,

"The charity or not-for-profit organisation must agree to make available on request a list citing any commercial company which has donated either as a single sum or cumulatively more than £5,000".

Perhaps the Minister who replies to the debate will tell us whether the movement from the requirement for a "direct interest" to no qualification was deliberate, and, if it was not, whether it could be considered when the resolutions are before the House.

Let us suppose that, for instance, the Army Benevolent Fund were to provide the secretariat for an issue-based all-party group. I am not saying that it should do so. Given that it has raised millions of pounds for our armed forces, I think that it would be going too far to have to list every commercial company that has given it money for that purpose, whether by gift aid or otherwise. At one stage I was chairman of the Church of England children's society. A fair amount of money was donated to us by commercial companies for events and other purposes. I think that we might be putting a burden on some charities and not-for-profit causes if the resolution followed the motion—which will obviously be accepted—rather than the committee's report.

Let me return briefly to the issue of earnings as opposed to gifts. For a number of years I have tried to avoid having any outside earnings. I failed in the current year, because I wrote an obituary for a friend and, rather to my surprise, received a cheque from the newspaper that kindly published it. I have given the money away, but it clearly constituted earnings, and I think that I am obliged to declare it. I believe that the sum was £300. A long time ago, between 1979 and 1984, I was personnel director of a fairly major commodities trading company. I should have been very prepared to declare the salary that I received for that.

On another occasion, I was an adviser to the International Fund for Animal Welfare. I gave it advice that it did not take and did not want, but its founder asked whether I would do more work for it, which I did, although it did not take any notice of what I said. That relationship came to an end in time.

What is clearly employment or something done for the purposes of an organisation for which one is paid should be declared, and what one is doing outside ought to be. However, I have a warning. Let us suppose that Peter Thurnham, who was a colleague at one stage in this House and who bought two machine tools when he was unemployed and set up an engineering business, entered the House of Commons when the business was on its feet. How would he calculate the time that he was putting into the business? That seems to be a very difficult thing to do. When James Callaghan was a farmer after being Prime Minister, how much time did he put into it? When Michael Foot was writing his biography of the founder of the health service, how much time did he put into it? If I, for example, had to put in the number of hours that I spent on the obituary, I would have to guess. It is obvious that we have to be prepared to put down rough and ready figures, which will not be easy.

The key point is to back a system where people will feel embarrassed if they know that they are doing something wrong, rather than having an enormous box-ticking exercise. I hope that when we ask the Committee on Standards and Privileges to review the matter and it conducts a consultation, more people will agree that 0.1% is too low and could be at least doubled or trebled without disadvantage to the House or to the interests of the public.

9.11 pm

Mr Kevin Barron: The vast majority of hon. Members who have spoken agree that these motions should go through tonight and that we should alter the arrangements.

The hon. Member for Worthing West (Sir Peter Bottomley) raised the issue of the limit of 0.1% of a Member's salary. We have tried to find a seer in public life to tell us what the approximate worth of a gift should be. Some local authorities have a level as low as £25, and some have no levels at all. It seems to us that £66—some people interpret the figure as £65—is about right. We will reconsider the matter, if we feel that it is not working in future.

On all-party groups, it would clearly be a matter for the House to consider the provision, if it is a burden on some all-party groups. The aim is to find out who is behind the secretariats of all-party groups and not necessarily their motivations, which is a point that has been raised tonight. We need the situation to be transparent if a commercial organisation is effectively funding all-party groups. I am not saying that that would necessarily be wrong—I am not sure whether the House would say that that is necessarily wrong—but it is right that we know exactly who the secretariat are and how they operate.

The right hon. Member for Bermondsey and Old Southwark (Simon Hughes) discussed duplication and overlap. I once considered setting up an all-party group on all-party groups to see how many members we could get to join. I chair all-party groups, which are an effective aid to legislation. This House should practise a wider democracy, and people with knowledge about individual issues come and talk to us on a regular basis—there is nothing wrong with that in my view. However, the situation needs to be transparent, so it is clear what has motivated them to do that and what is motivating us to make arguments on the Floor of the House.

The hon. Member for The Cotswolds (Geoffrey Clifton-Brown) raised the issue of pro bono advice to an all-party group rather than secretarial support. As my hon. Friend the Member for Warrington North (Helen Jones) said from the Front Bench, we need to consider that matter, but it should not take us away from making improvements tonight.

My hon. Friend the Member for Rhondda (Chris Bryant) said that any reasonable person knows the difference between a gift and remuneration, but, as Members of Parliament, we do not always deal with reasonable people. I have had 27 years in this place and on the odd occasion I have dealt with people who are not reasonable. *[Interruption.]* I was talking not only about people outside here, but some in here too. The Committee has said:

"A Member who chooses to treat as a gift the bottle of wine he or she receives after making a speech exposes him- or herself to an allegation that he or she has failed to register a payment received for a service provided."

That is the reality of the situation. It might be that people have seen someone receive a bouquet of flowers, a declaration has not been made and nobody has made a complaint, but an unreasonable person might think that that is open to investigation and might write in, and that would start an investigation. We are trying to stop that happening and that is what we are going to do.

Sir Peter Bottomley: I am aware that I slightly bounced the right hon. Gentleman with my question about paragraph 13(b). If he is not able to say tonight whether the reference to

"a direct interest in the work of the APG"

was taken out deliberately, could he ask someone to let me know whether it was deliberate or whether it was just one of those things?

Mr Barron: I will make sure that the hon. Gentleman gets that information.

The Committee also said:

"The trivial nature of some of these payments and the disproportionate effort involved in recording and then registering them has called into question the utility of the rule. The February 2010 edition of the Register contained over 100 more pages than the June 2008 edition."

The figures were 264 pages as opposed to 157. If what we have heard is correct, it is clear that the many hon. Members who have not registered bouquets of flowers, pots of honey and so on could eventually find that they are outwith the register. Given those circumstances, we need to address this area.

Chris Bryant: The main change was that previously we had to register remuneration in our capacity as a Member of Parliament and we did not have to register things all the way down. We have introduced much greater transparency, which has meant that we now know about earnings of hon. Members that have nothing to do with their membership of the House.

Mr Barron: I accept that, although I believe that my hon. Friend said that he saw no real difference between gifts and remuneration. It seems to me that if I make a speech to a company and am given a £500 gift, it is more likely that that is remuneration, it is declarable and should be declared in the Register of Members' Financial Interests. As I said in my opening speech, this is a grey area and we are trying to make things as clear as we can. Both these motions will help the House and I hope that the House will support them.

Question put and agreed to.

Resolved,

That—

(1) this House agrees with the recommendations in the Tenth Report of the Committee on Standards and Privileges, on Registration of income from employment (HC 749);

and

(2) accordingly the resolution of the House of 30 April 2009 relating to the Registration of Members' Financial Interests be amended, by leaving out paragraph (2) and inserting:—

"(2) That such a payment shall be registered

(a) where its value exceeds one tenth of 1 per cent. of the current Parliamentary salary; or

(b) where the total value of payments from the same person, organisation or company in a calendar year exceeds 1 per cent. of the current Parliamentary salary."

ALL-PARTY GROUPS

Resolved,

That—

(1) this House agrees with the recommendations in the Eighth Report of the Committee on Standards and Privileges of Session 2008-09, on All-Party Groups (HC 920); and

(2) accordingly the resolution of the House of 17 December 1985, as amended on 10 March 1989 and 29 July 1998, be further amended by leaving out paragraph 3 and inserting:—

"3. Groups whose membership:

• is open to all Members of the House of Commons and House of Lords, and

• includes at least 20 Members (each of whom must be a Member of the House of Commons or House of Lords), comprising: at least 10 Members who are from the same political party as the Government, and at least 10 who are not from the Government's party (of whom at least six must be from the main opposition party), and

• includes at least one officer who is a Member of the House of Commons be required to register the following information on the Register of All-Party Groups:

(a) The full title of the group. If persons other than Members of the Commons or Lords are allowed full membership (i.e. voting rights) the term 'Associate Parliamentary Group' must be included in the group's title. If such persons are not allowed full membership the term 'All-Party Parliamentary Group' must be included instead. The rest of the group's title should simply reflect the group's subject so that the latter is obvious from its title alone.

(b) A brief summary of the group's main purpose.

(c) The names of the group's officers. At least one officer must be an MP; each of the other officers must be a Member of the House of Commons or House of Lords.

(d) The names of exactly 20 qualifying Members (each of whom must be a Member of the House of Commons or Lords), comprising: 10 Members who are from the same political party as the Government, and 10 who are not from the Government's party (of which at least six must be from the main opposition party).

(e) The contact details of the group's registered contact, who must be both an officer of the group and a Member of the House of Commons, and is the person ultimately responsible for the group's compliance with the rules of the House.

(f) Any relevant gainful occupation of staff to the group who hold a parliamentary pass (relevant gainful occupation means any occupation that is advantaged by the privileged access afforded by the pass).

(g) The source and extent of any financial benefit (e.g. donations) and the source and nature of any non-financial material benefit (e.g. provision of goods or services) received by the group from a single source outside Parliament, if the value of the benefit equals or exceeds the financial threshold for registration (currently £1,500) in a calendar year. Once the group has made that initial registration, any further donation received from the same source in the same calendar year should be registered if its value exceeds £500.

(h) The website address of any organisation registered as the group's secretariat.

(i) If a consultancy is registered as the group's secretariat, the names and website of the consultancy plus the name of any client of theirs who is specifically paying the consultancy to act as the secretariat must also be registered. The consultancy must either publish on its website its full client list or agree to provide such a list on request, otherwise it is not allowed to act as the group's secretariat.

(ii) If a charity or not-for-profit organisation is registered as the group's secretariat, the former's name and website must also be registered. The charity or not-for-profit organisation must agree to make available on request a list citing any commercial company which has donated either as a single sum or cumulatively more than £5,000 in the course of the 12 months prior to the month in which the request is made, otherwise it is not allowed to act as the group's secretariat.

(i) The address of the group's website, if it has its own website.

(j) The date of the group's inaugural election of officers and of any Annual General Meeting held thereafter.

(k) Affiliation to the Inter-Parliamentary Union and Commonwealth Parliamentary Association, if the group is affiliated to either or both."—*(Mr Barron.)*

Business without debate

COMMUNITIES AND LOCAL GOVERNMENT

Ordered,

That Clive Efford be discharged from the Communities and Local Government Committee and Steve Rotheram be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

Supermarket Acquisitions (Tyne and Wear)

Motion made, and Question proposed, That this House do now adjourn.—*(Angela Watkinson.)*

9.18 pm

Mr David Anderson (Blaydon) (Lab): The title of this debate says that it is about supermarkets, but it is really about people. It is about the town of Birtley, where I live, which is in the south-east of my constituency. The town has a long history of being resilient and has dealt with hard knocks. Its situation is post-industrial, like many other towns in northern England, and it has gone through tough times with the loss of its brickworks and the running down of its chemical factory, and it is also a former coal mining area and there was a lot of engineering in the town. Birtley has kept strong and has developed. The town has a lot of high-tech engineering; a big car sales place; three separate bodies selling caravans and motor homes; an aluminium processing factory; and a cable factory. The key to the town is the shopping area, which is on what was the old great north road—the old A1.

That shopping area has developed over many years since there was a huge Co-operative store there. After that store ceased operating long ago, its role was taken over by two supermarkets—a medium-sized one and a smaller one—the ownership of which changed over the years. Until two years ago, the medium-sized one was operated by Somerfield and the smaller one was operated by a company called Netto, which has a number of supermarkets across the north of England and has about 1% of the supermarket share in this country. Between them they helped to support a huge array of small retail businesses—one-man, two-man and three-man businesses such as hairdressers, greengrocers, butchers, bakers, newsagents, pharmacies, opticians, a shop selling cards and pictures, a post office, a number of banks, a launderette, a huge array of fast-food outlets, coffee shops, travel agents, estate agents, florists, a pet shop, a carpet store, a general dealer and public houses. If I have missed any of the businesses there, I apologise to the good people of Birtley. The key point is that all those operations were quite small and that what really drew people to Birtley was the supermarkets, particularly the one run by Somerfield.

Two years ago, we got the news that Somerfield was going to be taken over by Co-op and we thought that that was good news, but then we heard, sadly, that our store was not going to be taken over by Co-op. In these situations, the Office of Fair Trading usually has a role to play in ensuring that a huge takeover by a big group does not allow the creation of a monopoly. The Somerfield store in Birtley was not identified by the OFT as being one that Co-op had to get rid of. However, Co-op did have to get rid of 25 stores and it decided, in its wisdom, to divest itself of 38 stores. I found this hard to believe, but it put them up for sale as a package, telling potential buyers that they must buy all 38 or none.

When we in Birtley heard that Morrisons was buying the 38 stores, we were quite pleased because it has a good reputation in the north-east as a successful operator with good-quality stores that have a lot of fresh food and a good deal of business. So we thought it would be really good for the area—until 27 April, two years ago, when Morrisons took over. On that same day, it announced that the Birtley store was not going to open and the staff in the store were moved to other stores in the Morrisons network. It did that because—I found this hard to grasp—it had bought the store as part of the package of 38 without actually seeing it. However, it had run the store 20 years previously. Further down the line, I met the manager who made the final decision and he told me that he had been the manager of that same store 20 years before and that hardly any money had been spent on its infrastructure, so it was little wonder that it needed major refurbishment.

The people of Birtley went from being very happy that a good-quality supermarket was coming in, which could only be good for the town centre, to the current situation in which that building has stood empty for two years, deteriorating and sticking out like a sore thumb on the middle of our main street. The really sad part of what has happened is the impact on local businesses. Many people have had to stop doing all their shopping in Birtley because the town cannot support that kind of shopping any more. People used to go to Somerfield for 70-80% of what they wanted and then use the hairdressers, post office and other stores. Everybody was making a living then, but Somerfield's closure had a negative impact on the town. Many businesses closed, many people moved out of town, and those who stayed have been hit hard. Netto upped its game. I give credit to the people working there—they have done really well in filling the gap, but the Netto offer is not what Somerfield was or what, sadly, Morrisons could have been.

About 12 months ago we had some good news. Asda, which is one of the biggest stores in the country, was going to buy the Netto chain. We thought that was tremendous because, even though we still had the Somerfield store standing empty, we believed that Asda could come into Birtley, give us a real lift and recreate some of the business that had gone when Somerfield went. That would lift the town up again, business would come back, and more people would come and shop in Birtley. We saw Asda as a premier league team. I mean no disrespect to Netto, but if Netto was a football team, it certainly would not be in the premier league, despite the great work that it has done.

We found out late last month that the Office of Fair Trading, in its wisdom, had decided yet again that Asda would not be allowed to take over the number of stores that it wanted to take over, in the same way as the OFT had decided previously that the Co-op would not be allowed to do that. The issue for me, and the reason that I am holding the debate tonight, is that that decision was made public on 29 September last year. It was announced in an internal press release, which was only brought to my notice through the local council some three weeks ago.

There are many people who could have been informed. I will discuss with the Minister later how we can improve this so that people learn from the mistakes that were made. We have a very positive community partnership in Birtley, which is run by some great people, such as Dean and Jean Cox and Peter Cowie. We have committed local councillors and an enormous number of businesses looking every day at what is going to happen in the town. We have a strong economic development team in Gateshead council, who have worked night and day to try to make sure that Birtley can survive and improve.

[Mr David Anderson]

The team did tremendous work with Morrisons to try to improve the offer on a site that had not yet been developed. The chief executives of the council had a hands-on approach to what was going on in Birtley.

I would have been massively interested if, four months ago, I had been made aware of what was going on. If any of the people who have collared me in the past three weeks had known about that four months ago, they would have come and said to me, "David, what's happening?" and none more so than my wife. She shops in Birtley all the time. She does not drive so she has to get a bus 3 miles to another town, then come back and wait for the groceries to be delivered. That is not an effective way of doing business. People like her need shops on the doorstep that work for the community.

As I said, we got a copy of the press release last week and contacted the OFT. I have read the press release and the information that has been sent since. It seems to me that the OFT runs a system based on those in the know telling other people in the know about the business that they know. They decide on closures by projecting the cost of a box of cornflakes in two shops a few miles apart. If a store 2 miles away is going to sell 1,000 boxes of cornflakes a week at 10p less than the store where we live, the nearer one will have to close.

The OFT and the businesses concerned fail to connect the dots between the real life of people on the ground, who are directly affected by such decisions—older people, people without transport, people who are less able to travel, those with disabilities, those who like the security of their own place. I have a good old friend who was severely affected when the supermarket that she went to every day of her life was, in effect, taken away. She became seriously unwell and disoriented by what was going on. She was not eating properly and went through some real problems, which thankfully have now been resolved.

When I found out about the OFT decision, around 28 January, my office made contact with the OFT, which sent me a number of documents about the process. I shall refer to them now and try to speak a little more slowly, for the sake of *Hansard*. In a letter dated 20 January, Timothy Geer, who was the officer in charge at the OFT, wrote:

"In September 2010 the Office for Fair Trading (OFT) announced that it was minded to refer the acquisition by ASDA stores Limited... to the Competition Commission... unless Asda gave suitable undertakings to address our competition concerns. While the OFT concluded that the acquisition would not give rise to competition concerns at a national level, we were concerned that competition could be substantially reduced in around one in four of the local areas where there are overlapping stores."

To me, that means that the OFT realised back in September that there was a problem, not at a national level, but in certain areas. It should have flagged up that situation so that it could be addressed.

The OFT's letter goes on to explain the methodology used to reach that decision. I will read the paragraph about what it did before deciding whether to go ahead with the transfer:

"The local areas in which the OFT found cause for concern were identified following the application of two tests. First, we applied a fascia counting test. If the merger reduced the number of relevant supermarket operators (by fascia) to three or fewer in the local area, the area moved to the next stage of testing. This next stage comprised Asda hiring a professional market research firm to undertake consumer surveys at the relevant Netto and Asda stores in order to gauge how close local rivalry was between them."

I have spoken with many people at the Netto store in Birtley and no one, not the manager or the staff, are aware of any survey being done at that store, which is what the OFT's letter mentions. It continues:

"The OFT then coupled this information with profit margin data and used an analytical method called the 'illustrative price rise' to identify those areas in which a realistic prospect of a substantial lessening of competition arose. More information on these methods can be found in Annexe A of our report."

I read Annexe A, and I only wish that our good colleague Sir Patrick Cormack, the former Member for South Staffordshire, were here today, because he would have a wonderful time with the paragraphs that I am going to read out. The OFT has what it calls a stage 1 filter for deciding whether the process should go ahead. Paragraph A.4 of annexe A states:

"To identify overlaps, the filter used a 'maximum reach' isochrone"—

I do not have a dictionary to find out what an isochrone is, but perhaps the Minister knows.

"The 'maximum reach' isochrones, centred on the Netto stores, were based on that used in *CGL/Somerfield*".

Therefore, in the process that happened two years earlier in Birtley, the OFT had used the same process, so again I make the point that it ought to have been aware of the impact on us. The annexe states that those isochrones

"offered a conservative approach to capturing overlaps between the parties (and bearing in mind the asymmetric constraints imposed of each other by the merger parties)... A local area was deemed to be unlikely to present competition concerns if at least three other (non-merging) fascia were present in the primary isochrone. What is more, an asymmetric constraints approach was adopted."

I hope that the Minister is keeping up with this. Paragraph A.9 states:

"In addition to the primary isochrone filtering (centred on the Netto stores), the stage one filtering exercise also replicated the primary isochrone filtering but re-centred on census output areas where Asda measured whether 10 per cent or more of the local population would see a reduction in fascias as a result of the proposed merger. Census output areas allow for the stage 1 analysis to be carried out at as fine a level of detail as practicable."

I think that that is a pretty fine example I have given. I could go on, but I will not, because there is just more and more gobbledegook.

As I read that, I was reminded of another thing related to Birtley. One of the things the town takes great pride in is being a centre for English folk music. There is a folk club in the town that was pulled together back in the late '50s and early '60s by a man called Jack Elliot, and anyone who knows anything about English folk music will have heard of the Elliots of Birtley. That tradition continues today, personified by his daughter, Doreen Henderson, who every Wednesday night in the Birtley Catholic club still hosts the folk club, where everyone is welcome. You would be more than welcome, Mr Speaker—I know that you can do a song or two—and the Minister would be welcome too. One of the people who came through that same culture was a gentleman called Alex Glasgow, who sang a song in the 1970s called "Standing at the Door". These are the words that came to my mind when I read those paragraphs that I have just related: "Nowadays we have a craze, to follow

clever Keynesian ways, while computers measure economic growth, we've got experts running round, writing theories on the pound, caring little whether we can buy a loaf." That says it all: people at a high level are discussing issues about computer modelling and facts and figures without any real cognisance of what is happening on the ground. That would be bad enough if we had not been hit two years ago with something that really tore the heart out of our town, and we are determined not to let that be repeated over the next few months.

The OFT made a decision last September, but it should have been much more up-front and proactive with people on the ground. We believe that the conclusion was flawed, because the relationship between the ASDA store, which would have been in Birtley, and the one that the OFT compared it with, which is about 3 miles away in Washington, bears no resemblance to fact. The one in Washington is a huge superstore; the one in Birtley would have been very small—effectively like a Tesco Extra, which Members might be aware of.

The OFT has not given any consideration to the viability of Birtley as a community, particularly given the underlying problems of Morrisons' decision two years ago not to acquire and open a store on the Somerfield site. The procedure that was supposed to protect the public and consumer interest has done exactly the opposite.

I have a number of requests that I hope the Minister can respond to positively. I know that there might be limits to what he is allowed to do with the OFT, but will he, if at all possible, ask it to review the decision and go and do a real survey on the ground? I am more than happy to make myself available, and I am sure that local people, business people, the community partnership, the council leadership, the office of the council and local councillors will be there to help the OFT see the error of its ways, but it is massively important to confirm that, whatever happens, that store on the Netto site will remain open. Perhaps it will not do so under ASDA or Netto ownership, but if the store is allowed to close, it will really put those other businesses, which are struggling now, in real jeopardy.

Going forward, can I suggest that the Minister sits down with his colleagues in the OFT and asks them to re-evaluate how they do their work? This is a real-life situation where, if there had been a dialogue, we might have come to a different conclusion. If nothing else, they should have spoken to people much earlier, because, if we had not been made aware of the consultation in time, we would not have been able to respond to it. The consultation closed on 2 February; we did not find out about the decision until around about 18 or 19 January. If we had been able to get involved earlier, we might have had a different situation, and many people, who had many sleepless nights, might have been much more reassured.

I am particularly proud to have this debate this week, because a year ago this week a very close friend of mine, Ian Caddy, was given the MBE by the Queen. Ian was the man who drove the community partnership in Birtley, and on 12 February last year I was proud to be with him at Buckingham palace, when he was awarded that medal. He walked up to Her Majesty and stood there, ramrod straight like the serviceman he was, and she gave him that medal. He actually invited her to Birtley to see the community partnership; we did not invite her to the folk club, but she is more than welcome as well.

I say this, because three weeks later Ian Caddy died of cancer. He knew he was dying, and he was there that day not as Ian Caddy MBE, but as Ian Caddy the people's representative at the court of Queen Elizabeth. In his memory, I hope we can resolve the matter tonight and help the people of Birtley to get on with their lives.

9.39 pm

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): Let me begin by congratulating the hon. Member for Blaydon (Mr Anderson) on securing the debate. I am replying on behalf of the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), who sadly is unable to attend.

The hon. Gentleman rightly set out his concerns about the way in which competition policy set at a national level can have a genuine impact on local high streets and their communities. His concerns and those of his constituents have been heightened by the fact that not just one store but two are involved in this problem. Birtley had already lost its local Somerfield store, which closed back in the spring of 2009 following, as he said, the acquisition by Morrisons. I gather that recently there have been more positive discussions about that site, and I will turn to that in a moment. Nevertheless, I entirely understand that local people and local small businesses will have felt that their town is suffering. He described that very well and put across his constituents' concerns accurately and vigorously.

Open competition is good for the economy and for consumers. At the same time, however, arms of government, at whatever level, have a responsibility to take careful note of the effects of their policies, and how they consult, on local communities. It is not just a question of a simple national identity. The hon. Gentleman accurately parodied some of the nonsense that occurs in some official documents, which does not relate to most people's real-world existence. I certainly understand that the loss of a local supermarket greatly affects a local town and community. Clearly, it will mean that that community attracts fewer customers, and that is bad for the small shops and for the other traders. It can also be a problem, as the hon. Gentleman accurately described, for older people who do not have their own form of transport. For them it means that they have to travel further just to get the basics, and the costs rise on each occasion.

To establish the facts in this instance, my officials have been in direct contact with the Office of Fair Trading. The OFT's role is to examine and adjudicate on mergers to ensure that they do not substantially reduce competition, which would harm the ability of consumers to shop around. That is an important role. It, together with the Competition Commission, which investigates mergers that have prompted concern, is of course fully independent. I should emphasise that Ministers can play no role in this whatsoever and have no powers to make any decision where a live case is in hand. That is probably right, because otherwise there is a danger that decisions will not be based on the evidence or will not necessarily be perceived as being free from political interference.

On this particular case, Asda announced in 2010 that it had struck a deal to acquire 194 Netto stores in this country. The OFT then acted on its legal duty to

[Mr Mark Prisk]

investigate the proposed merger. In September 2010, as the hon. Gentleman pointed out, the OFT announced its findings—that in 47 areas, Netto was the main competition to Asda and that in those areas consumers' interests would be harmed by the proposed merger. As a result of that, the OFT has a legal duty to refer the merger to the Competition Commission for a full six-month investigation unless a solution can be found. But in this case, Asda has offered to sell the Netto stores in those 47 areas, including the one in Birtley. It is true that Asda does not need to have found a buyer before the OFT will accept that undertaking, but—this is in direct answer to one of the points that the hon. Gentleman raised—it is legally obliged to keep the Netto store open until a purchaser is found. Any purchaser must also convince the OFT that it will operate a grocery retail shop capable of mounting local competition, and Asda must ensure that it makes real efforts to ensure that workers will keep their jobs afterwards. Those matters relate to the substance of the issue with regard to the OFT and Asda. I hope that that provides the hon. Gentleman and his constituents with some reassurance.

The hon. Gentleman rightly went on to question how the consultation process really worked. The OFT has advised me that it did indeed commission a research company to survey about 12,000 Asda and Netto shoppers throughout the UK, and it tells me that that included Birtley. However, the House will have noted, you will have noted, Mr Speaker, and I have noted that that is not the experience of the hon. Gentleman. I trust that the OFT will have noted that that is his view. When we get into some of the complex language and processes that often deter people from being able to get involved in these surveys, it is important that officials, at whatever level, understand the need to check not only that they have followed due process but that they have thought carefully about whether what they are doing has been explained carefully to the people they are affecting. I trust that that will be made clear to the officials involved.

Mr Anderson: I was in no way having a go at the OFT, but this matter is of serious importance in Birtley. People in Birtley may well have been surveyed, but what information were they given when that happened? Things would have been different had they been told that the store might not reopen. That is the key issue. That is why I said that perhaps we could discuss whether there is a different way of doing things that is in everybody's interests.

Mr Prisk: Absolutely; that leads to the point that I was about to come to. I understand that the OFT is now talking to the hon. Gentleman, which is good. However, he is right to say that we should always be prepared to listen and learn on these issues. That is why I am pleased to tell him and the House that the Government are preparing to look carefully and consult broadly and thoroughly to improve the efficiency of the regime and the robustness of the decision making. I hope that the hon. Gentleman will ensure that his views are known, and I am sure that he will. This instance is a good one, from which all of us can listen and learn.

I will briefly record Morrisons' acquisition of 38 stores from the Co-operative Group in 2009, which included Somerfield stores such as the one in Birtley. Based on the representations I have received from Morrisons, I understand that the company took ownership of the site in April 2009. As the hon. Gentleman pointed out, it undertook a review after the purchase of the store's commercial potential. Three months later, Morrisons concluded that the store was not viable as a Morrisons-branded outlet. Instead, it decided to seek a purchaser or tenant for the store, and it was marketed for sale or to let in July 2009.

In August 2010, with the property still on the market, Morrisons reached an agreement with Gateshead council to market the store jointly with the council's land to the rear of the site as a combined development opportunity. In October 2010, the joint site was advertised in the press. I believe that it is still being marketed, either for sale or to let. Encouragingly, I understand that that has recently led to a number of offers, including from other food retailers. Morrisons and Gateshead council are now considering the feasibility of those bids. The company has reasserted its commitment to work not only with the council, but with the hon. Gentleman to find a viable solution. I hope that that progresses well and that it will be felt that the town centre has a more positive future than has been the case over the past 18 months.

We all recognise that there have to be strong rules over free and fair competition. That is the role of the OFT and the Competition Commission. However, as this debate has shown, central Government agencies must have clear regard to the impact that that policy has on local high streets and local people. The hon. Gentleman has rightly raised the concerns of his constituents about the effect on Birtley. I restate that Asda is legally obliged to keep the Netto store open until a buyer is found, and that purchaser must convince the OFT that it will operate a grocery outlet capable of competing with neighbouring stores. Although I appreciate that the situation is far from perfect, I hope that those two statements from the OFT will give some comfort to the hon. Gentleman and his constituents, whom he has so ably represented this evening.

Question put and agreed to.

9.48 pm

House adjourned.

House of Commons

Tuesday 8 February 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Gross Domestic Product

1. **Chris Evans** (Islwyn) (Lab/Co-op): What factors he has identified as underlying the fall in gross domestic product in the fourth quarter of 2010. [38618]

The Chancellor of the Exchequer (Mr George Osborne): The Office for National Statistics attributes the actual fall in GDP to the bad weather in December, but we have been clear that even without that effect, the numbers were disappointing. In the past week, there have been more encouraging survey data showing services, construction, retail and especially manufacturing all growing more strongly—something the Opposition have been mysteriously silent about.

Chris Evans: Could the Chancellor please tell the traders on Blackwood High street whom I met this Saturday whether the rise in VAT will help or hinder them this quarter?

Mr Osborne: The VAT increase, like the other measures we are taking, helps to deal with the record Budget deficit that we inherited from the Labour party. By dealing with that, we have provided financial stability for the British economy. That has also been made clear by the previous Chancellor, the right hon. Member for Edinburgh South West (Mr Darling), who would also have gone ahead with a VAT increase.

Mr John Redwood (Wokingham) (Con): Given that the last quarter of last year saw a big real increase in public spending and a further big increase in debt, does that not show that there is no necessary connection between those things and growth and that it would be quite wrong to think that spending and borrowing more would solve the problem?

Mr Osborne: My right hon. Friend is absolutely correct. Of course, in December, the Government were spending, in real terms, a record amount. I make the point again that we inherited a record Budget deficit. I believe that Labour's plan, set out in its March Budget, was to start cuts in April this year. We have set out a credible plan and we are awaiting one from Labour.

Stephen Timms (East Ham) (Lab): The figures underline that the economy is not out of the danger zone. Does the Chancellor know of the concern expressed by the Recruitment and Employment Confederation about a new lost generation of unemployed young people of the kind we saw in the '80s and '90s? What assessment has he made of measures the Government can take to avoid that problem?

Mr Osborne: The right hon. Gentleman is absolutely right that unemployment went up by 1 million under the previous Government. We know that even in the good years, the problem of youth unemployment increased and that we as a country were not able to do much about it. This Government are determined to tackle that head-on with reform of the welfare system so that it always pays to work and, at the same time, with the new Work programme, which will give young people the skills and opportunities they need to get off those unemployment rolls.

Mr Andrew Tyrie (Chichester) (Con): In giving evidence before the Treasury Committee, Lord Turnbull made it clear that spending as a proportion of GDP should be nearer 40% than the current level of nearly 50%. The OECD has said that the deficit will retard growth. Will the Chancellor make more of the case that action is needed to tackle the deficit not just on financial grounds but to help release the wealth-creating sectors of the economy?

Mr Osborne: My hon. Friend is clearly correct that it is unsustainable for the Government to be consuming almost 50% of national income. Lord Turnbull observes that under Labour and Conservative Governments in the past, the number was closer to 40%. Of course, the deficit reduction plan that we have set out brings that about.

Ed Balls (Morley and Outwood) (Lab/Co-op): It is an honour and a great responsibility to shadow the Chancellor of the Exchequer at this critical time for our economy and our country. I pay tribute to my predecessor and thank him for everything he did despite the fact that I seem to have inherited an excessively large number of breakfast meetings from him. It is a good job that I did not have one today, or I would have missed this morning's rather hurried mini-Budget.

It snowed so badly in December in Britain that airports closed, our economy shuddered to a halt, consumer confidence slumped and unemployment rose. In America, it also snowed so badly that airports closed, but the pace of US economic growth increased, consumer confidence was high and unemployment fell to a two-year low. Could the Chancellor tell the House whether there is something different about snow in Britain—or is there a better explanation as to why the American economy grew and Britain's did not?

Mr Osborne: First, I welcome the right hon. Gentleman to his post and congratulate him on his appointment. Now he and the Leader of the Opposition know what it is like to be second choice. The new shadow Chancellor knows, because he was at the Treasury and he is a man with a past, that Britain had the largest housing boom, the biggest banking crash and the largest budget deficit, and as a result, recovering from the deepest recession

was always going to be challenging and choppy, but we have set out a credible plan, including an increase in the bank levy, to deal with the budget deficit, which he refuses to deal with because he is a deficit denier.

Ed Balls: No answer to the question on America. Perhaps the Chancellor should have spent less time on the ski slopes of Switzerland and more time in the conference halls of Davos, listening to the American Treasury Secretary. Let me tell the right hon. Gentleman what he said:

"You've got to make sure you don't hurt the recovery . . . There are some people who like to move . . very quickly to do very deep cuts in spending but it is not the responsible way to do it."

In June, unemployment was falling and growth was forecast to be 2.3% this year. Now unemployment is rising and growth is stalled. With consumer confidence falling, inflation rising, no bank lending agreement, no plan for jobs, no plan for growth, no plan B, does the Chancellor really expect us to believe that he can meet his forecast for economic growth this year, or will he have to stand at the Dispatch Box at the Budget in six weeks and downgrade his very first growth forecast?

Mr Osborne: The right hon. Gentleman clearly had a lot of time to prepare that, but I am not sure it all came out as he expected. We have had to deal with his economic legacy and he is running away from his past. He was the City Minister who knighted Fred Goodwin. He is the economic adviser whose fiscal policy has led to fiscal disaster. He is the leadership candidate who, for reasons of political positioning, denies the deficit. The truth is this: we have a plan to clear up his mess. He has no plan at all.

Financial Regulation

2. **Karl McCartney** (Lincoln) (Con): What progress he has made in reforming the tripartite system of financial regulation. [38619]

3. **Jane Ellison** (Battersea) (Con): What progress he has made in reforming the tripartite system of financial regulation. [38620]

10. **David Tredinnick** (Bosworth) (Con): What progress he has made in reforming the tripartite system of financial regulation. [38627]

The Chancellor of the Exchequer (Mr George Osborne): The tripartite system of financial regulation put in place by the new Chancellor and his advisers in 1997 failed spectacularly and cost the British people billions of pounds. That is why we are replacing the tripartite system with a much tougher and more coherent regime led by the Bank of England. We aim to have that system in place by the end of 2012. I repeat what I just said: we have today increased the rate of the Government's permanent bank levy for this year in order to raise £2.5 billion net. This will mean that the banks pay more in tax in each and every year of this Government than they did in the last year of the previous Government. Through this new bank tax being made permanent and with the revenue announcement today, the banks will be making a fairer contribution to our economic recovery.

Karl McCartney: Does my right hon. Friend regret the fact that the system of financial regulation, which was drawn up by the right hon. Member for Morley and Outwood (Ed Balls), failed to prevent the greatest financial crisis in our country in living memory?

Mr Osborne: Of course I regret it, because we are all having to deal with the consequences. We still do not know—the legislation will come before the House of Commons—whether the Opposition support changing the system of regulation that was established by the right hon. Member for Morley and Outwood (Ed Balls) in 1997. I guess we will find out. The Government are clear—we must fix the system of regulation that went so badly wrong, and we believe that giving the Bank of England the lead responsibility on that will help.

Jane Ellison: As the Chancellor knows, the Leader of the Opposition has admitted that the previous Government got regulation wrong. One area that was wrong was inadequate customer protection in the consumer credit market. Given considerable recent interest in the subject in the House, can he update us on the creation of the consumer protection agency?

Mr Osborne: My hon. Friend is right. It was an interesting admission from the Leader of the Opposition that things started to go badly wrong when he was an adviser at the Treasury. Maybe the man he did the photocopying for will make a similar admission. The creation of a consumer protection and markets agency will provide a stronger consumer voice and a consumer champion. It will be a world-class regulator. We are assembling the right team to run that agency, including many talented people who were at the Financial Services Authority. I am delighted that Martin Wheatley has been appointed as the chief executive designate. He has an outstanding record as a regulator around the world and his arrival bodes well for the future of the new agency.

David Tredinnick: Was the three-way split in financial regulation the worst financial decision taken by the previous Government, or has something else caught my right hon. Friend's eye?

Mr George Osborne: There is the selling off of the gold at a record low and the pensions tax that destroyed our pensions system, but I have to say that, in terms of sheer cost to the British taxpayer, the system of regulation designed by the shadow Chancellor was pretty catastrophic.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): Why did the Chancellor endorse the report published by the right hon. Member for Wokingham (Mr Redwood) just a few weeks before the collapse of Northern Rock, which called for the deregulation of the mortgage market? Does he still support its conclusions?

Chris Ruane (Vale of Clwyd) (Lab): Come on, straight answer.

Mr Osborne: The new Parliamentary Private Secretary is barracking; what a shame he has moved four Benches down, because he is probably going to get louder. I can tell the hon. Lady that I explicitly disagreed with that recommendation in the report at the time.

Stewart Hosie (Dundee East) (SNP): It is understood that the new Prudential Regulation Authority intends to do less than the Financial Services Authority did to reduce the probability of bank failure. Given that the failure of any bank, even with a proper resolution regime, could contribute to a systemic crisis in confidence, can I have the Chancellor's assurance that he will put all the pressure he can on the PRA to ensure that it continues with active supervision to minimise the probability of bank failure at any level?

Mr Osborne: The hon. Gentleman can rest assured that I will certainly do that. I do not think that he has given a fair representation of the role that we expect the prudential regulator to fulfil. What I will say about the prudential regulator and the fact that it will come under the aegis of the Bank of England is this: I hope that it will exercise discretion and judgment as well as simply making sure that boxes are ticked. The decision to allow Royal Bank of Scotland to buy ABN AMRO in 2007 might have ticked the various boxes in the regulations at the time, but it was clearly the wrong judgment. I expect and hope that in future our new regulator would be able to step in at that point.

Ms Angela Eagle (Wallasey) (Lab): Instead of making politically convenient and economically ludicrous pronouncements that it was the UK's tripartite system of banking regulation that somehow caused the global credit crunch, can the Chancellor explain to the House why his own flagship banking reforms are now running late and why his cosy private talks with the banks on bonuses have failed to materialise? Was not today's panic announcement just further proof that with this Chancellor, as CBI chief Richard Lambert has said, it is all politics and no economics?

Mr Osborne: The hon. Lady asks why the legislation is "running late". The previous shadow Chancellor wrote to me and asked for pre-legislative scrutiny, and I agreed to the request. Obviously, that has not been communicated to those on the Opposition Front Bench.

Manufacturing Growth

4. **Fiona Bruce** (Congleton) (Con): What assessment he has made of the prospects for growth of the manufacturing sector. [38621]

The Exchequer Secretary to the Treasury (Mr David Gauke): The independent Office for Budget Responsibility is responsible for the official economic and fiscal forecast. Returning the UK to sustainable economic growth is the Government's overriding priority. This includes a strongly performing manufacturing sector. The Chartered Institute for Purchasing and Supply's purchasing managers' index for January showed the manufacturing index at a record high. This was accompanied by a rapid increase in manufacturing outputs and the fastest growth in new orders in the survey's history.

Fiona Bruce: The closure has been announced of the bathroom manufacturer Ideal Standard, which is based in Middlewich in my constituency. Middlewich is a feisty town, as are its people, who want to rise to the challenge that this news presents. What support and resources can the Government provide to enable the people of Middlewich to help themselves to create jobs, develop new industries and go for growth?

Mr Gauke: My hon. Friend has a great deal of expertise in the business world. In the longer term, it is vital that we get the fundamentals right and have sustainable public finances, and the Government are pursuing policies that will favour growth. In the short term, obviously her constituents have our sympathy. Jobcentre Plus is able to provide a rapid response service in those areas, and I am sure that it will be acting closely with her constituents.

Barbara Keeley (Worsley and Eccles South) (Lab): A firm in my constituency manufactures parts for motorbikes, and it plans to move into the full production of motorbikes, so why have the Government decided to cut investment allowance, which will hit firms that are trying to make such moves? How can there be growth with policies that undermine manufacturing?

Mr Gauke: We announced in the June Budget corporation tax reductions that will benefit all sectors, including manufacturing. As we can see, so far manufacturing is doing well. Of course, we cannot be complacent, but the early signs are that our policies are helping.

Claire Perry (Devizes) (Con): I want to ask the ministerial team which piece of recent data they find most interesting: the record level of manufacturing activity, the rebound in consumer confidence or the endorsement by the Institute for Fiscal Studies of this Government's economic policy in paying off the previous Government's debt?

Mr Gauke: It is absolutely clear that this Government are on the right course. There are some encouraging signs, but none the less we must stick to the course. The early indications are, in manufacturing in particular, that that sector of the economy is growing well.

Kerry McCarthy (Bristol East) (Lab): We share the Government's desire for a strong manufacturing sector, hence our disappointment at Pfizer moving overseas and the Government's failure to support Sheffield Forgemasters. According to today's *Financial Times*, the Deputy Prime Minister, despite his dismal track record on Forgemasters, is leading the drive for more bank lending to small and medium-sized enterprises to secure regional economic growth. Who is now in charge of growth policy? Is it the Chancellor or the Deputy Prime Minister?

Mr Gauke: It may come as a surprise to Opposition Members, but an entire Government are capable of working together. That was not the experience when the Treasury was being run by the current shadow Chancellor.

Structural Deficit

5. **Rehman Chishti** (Gillingham and Rainham) (Con): What assessment he has made of recent trends in the size of the structural deficit. [38622]

11. **John Howell** (Henley) (Con): What assessment he has made of recent trends in the size of the structural deficit. [38628]

The Chief Secretary to the Treasury (Danny Alexander): The structural deficit was 8.8% of GDP in 2009-10. The Office for Budget Responsibility forecast is for it to be 7.6% in 2010-11, falling to 0.3% by 2015-16. More information is in the OBR's forecast.

Rehman Chishti: OECD figures in November show that Britain entered the financial crisis with the largest structural budget deficit in the G7. Does the Chief Secretary believe that this country entered the crisis led by the biggest deficit deniers in the G7?

Danny Alexander: That is a very good question. The previous Government were running a structural deficit from 2001-02, with a structural deficit of 2.6% in 2007-08, the largest, as the hon. Gentleman says, in the G7 in 2007. They were deficit deniers then, they are deficit deniers now, and that is why they have no answers to the problems of our country today.

John Howell: My right hon. Friend will be aware that Tony Blair has said that

"from 2005 onwards Labour was insufficiently vigorous in limiting or eliminating the potential structural deficit".

How would my right hon. Friend assess the effect of that failure on the current trend in the structural deficit?

Danny Alexander: Clearly, we as a Government are having to clear up the enormous mess that the previous Government left. That is why we have had to embark on some very difficult decisions on public spending and, indeed, taxation, but it is just worth listening to the OECD, which states that

"the UK was unique in its need for fiscal consolidation, because the deficit had gone completely out of control.

John Cryer (Leyton and Wanstead) (Lab): On the basis of what the Chief Secretary has just said, why did the current Chancellor promise in 2008 to match Labour's spending plans?

Danny Alexander: Our country's key problem—the hon. Gentleman should accept it, not deny it like his Front Benchers—is that we have an enormous budget deficit, which was caused by the previous Government's failures. We have to clean up that mess if our country is going to get back to prosperity, and, until the Opposition accept that very simple fact, they will have no answers at all.

Several hon. Members *rose—*

Mr Speaker: Order. Two things: first, I want to hear both questions and answers; secondly, can I—*[Interruption.]* Order. Can I just ask Members on both sides of the House to give some thought to how our proceedings are regarded by the people whose support we were busily seeking less than a year ago?

Mr David Hanson (Delyn) (Lab): Will the Chief Secretary first confirm that public sector debt was 42.5% in 1997 and 36.5% in 2008, the second-lowest debt of any G7 country? Will he secondly accept that investment during the last two years of the Labour Government was designed to keep people in their jobs and homes, expenditure that he supported at the time? Given the disastrous economic figures and the CBI's comments before Christmas, will he just admit that what he is missing is a growth strategy, not the cuts that he opposed during the election?

Danny Alexander: What was missing from that was any reference to the subject of the question, which was the deficit. Labour Members seem keen to talk about everything except the deficit, which they left for this Government to clean up. I do not apologise at all for the tough decisions we have had to take to sort out that deficit, to introduce tax rises and to deal with public spending to ensure that this country gets back on track. They maxed out the credit card; we have to pay it off.

Charities (VAT)

6. **Greg Mulholland** (Leeds North West) (LD): If he will take steps to allow charities providing services transferred to them by the NHS to recover value added tax. [38623]

The Exchequer Secretary to the Treasury (Mr David Gauke): Charities, voluntary sector organisations and social enterprises make a valuable contribution to our communities. That is why the Government provide about £3 billion in tax relief for charities. There are no plans to change the rules which govern the recovery of VAT by charities.

Greg Mulholland: I thank my hon. Friend for that answer. The current thrust of Government thinking is that more hospices and end-of-life care services will be delivered by organisations such as Sue Ryder Care, which runs the excellent Wheatfields hospice in my constituency. When it is run by the NHS, as it is currently, it can recover 48% of VAT on non-business supplies, yet when it is transferred to organisations in the charitable sector such as Sue Ryder, it cannot. That is an anomaly that will damage the thrust of Government thinking. Will my hon. Friend meet me and representatives of Sue Ryder to discuss this matter?

Mr Gauke: I will happily meet my hon. Friend to discuss it. The VAT that is paid and the VAT that is recovered is taken into account in the funding of the NHS. There are difficulties in trying to resolve this issue without imposing an impractical and complex solution. That is why the focus tends to be on providing tax relief on charitable giving rather than on expenditure incurred by charities.

Bankers' Bonuses

7. **Vernon Coaker** (Gedling) (Lab): What objectives he has set for the outcome of his discussions to limit the bonuses paid to bankers. [38624]

13. **Rosie Cooper** (West Lancashire) (Lab): What objectives he has set for the outcome of his discussions to limit the bonuses paid to bankers. [38630]

15. **Mr Ronnie Campbell** (Blyth Valley) (Lab): What objectives he has set for the outcome of his discussions to limit the bonuses paid to bankers. [38632]

The Financial Secretary to the Treasury (Mr Mark Hoban): Our objective in these discussions is to create a banking industry that lends to the British economy, contributes to the Exchequer, and supports economic growth and employment. The Government are in discussions with the banks to see if a new settlement can be reached so that bonuses and remuneration policies are more transparent and levels of bonuses paid are smaller than they would otherwise have been. Alongside this, we are looking at options to ensure that banks make an appropriate contribution to local economies and communities and provide the credit required to support the economic recovery, facilitate growth and create jobs.

Vernon Coaker: Can the Minister tell the House why the Chancellor refuses to adopt Labour's plan to repeat last year's £3.5 billion bank bonus tax, as well as the bank levy, and use that money to help create the jobs and growth that so many of our communities badly need?

Mr Hoban: The hon. Gentleman should remember the words of the former Chancellor of the Exchequer, who said that the bank payroll tax did not work. Labour Members went into the last election ruling out a bank levy; they would not take the action that we have taken to ensure that banks pay a fair contribution to the costs they pose to the economy.

Rosie Cooper: My constituents are appalled that the general attitude of the Government seems to be to withstand all criticism and not to deal with the real problem by making bankers accountable for what they are doing and pay their fair share. We are not all in it together.

Mr Hoban: I find that quite rich coming from Labour—the party that gave Fred Goodwin his knighthood. The reality is that under our bank levy the banking sector will pay more every year than it paid in one year under the bank payroll tax. That is the action that this Government have taken to ensure that banks pay their fair contribution towards the Exchequer.

Mr Campbell: The Chancellor must think he is good when he has put hundreds of thousands of public servants on the dole, cut pensions, especially those of the police and armed forces, and cut local government finance. It has been reported in the newspapers that a banker is to receive a £9 million bonus. Why does not the Chancellor get off his backside, get into the banks, and get it sorted?

Mr Hoban: I will take no lessons from the Labour party on bank bonuses. The shadow Chancellor presided at the Treasury when big bonuses were being paid out in cash, with no clawback and no lock-up. He backed that light-touch regime in government. We have taken the tough decisions on tackling bonuses. The Opposition should be apologising, not criticising.

Sir Peter Tapsell (Louth and Horncastle) (Con): Do Treasury Ministers agree that the real problem with bankers' bonuses is that they are paid not out of profits, but out of revenues? Taxing banks after the bonuses have been paid merely depresses dividends, particularly for pension funds. Why are bankers' bonuses not paid out of profits, as they always were by my very efficient stockbroking firm?

Mr Hoban: My hon. Friend makes an important point. Of course, under the old regime, there was no clawback when bonuses were paid out in cash, and no lock-up. The new code on remuneration introduced by the Financial Services Authority, which is ahead of international practice, has clear rules on deferral, requires that bonuses be clawed back for poor performance, and requires that bonuses for significantly highly paid members of staff—those who take risks—be paid out principally in shares, not in cash. That will ensure that the interests of bankers are aligned with those of shareholders.

Matthew Hancock (West Suffolk) (Con): How much has the Minister been constrained in his dealings with the majority state-owned banks by the contracts on payments that were signed by the Labour party before the election?

Mr Hoban: My hon. Friend puts his finger on the problem. When the previous Government entered into arrangements to bail out RBS and Lloyds, they limited the period of their involvement in the bonus regime. That is why we had to take action this year and why we have engaged with banks through project Merlin to achieve restraint on bank bonuses. We will make an announcement in the next week.

Duncan Hames (Chippenham) (LD): I congratulate the Chancellor on extracting a further £800 million from the banks this morning. Will he take this opportunity to rule out any reduction in his permanent bank levy, should it turn out to raise more money than expected?

Mr Hoban: My hon. Friend makes an important point, and I thank him on behalf of the Chancellor for his congratulations on the levy. As he recognised, the levy is a permanent feature, not a one-off tax like the previous Government's bank payroll tax. It will raise more than the bank payroll tax did in its year in operation, on a net basis. We are committed to raising the levy from the banks over the life of this Parliament.

Chris Leslie (Nottingham East) (Lab/Co-op): It is clear that the partial U-turn on the banking levy happened today purely by coincidence and had nothing to do with Treasury questions. Has the Minister anything else to tell the House? For example, what is he going to do about excessive bonuses? Perhaps we can coax him into another U-turn on the £1 billion corporation tax cut that he is giving the banks. If he wants to announce that at the next Treasury questions, that is fine.

Mr Hoban: I do not think that the hon. Gentleman is entirely on top of his brief on this matter. He knows that banks will pay more tax as a consequence of the levy. The tax cuts for the financial sector are far lower than the amount we will raise from the bank levy. This is a permanent measure. The previous Government failed to take action on bank levies and ruled out introducing them on a unilateral basis. This Government have gone ahead and done the right thing for the economy and for the taxpayer.

Government Debt

8. **Angie Bray** (Ealing Central and Acton) (Con): What recent estimate he has made of the level of Government debt. [38625]

The Economic Secretary to the Treasury (Justine Greening): Public sector net debt doubled in the decade from 2000-01. By the end of last year, it stood at £900 billion. Servicing it costs the taxpayer £120 million every day.

Angie Bray: I thank my hon. Friend for that answer. As I am sure she is aware, a debt of some £37,000 hangs over the head of every voter in my constituency of Ealing Central and Acton, thanks to the Labour party. Can she reassure us that there will be no deviation from the path, regardless of siren calls, of getting rid of the deficit as soon as possible, so that this country can move forward to prosperity once again?

Justine Greening: Yes, I can, and of course my hon. Friend is not the only person to hold that view. The secretary-general of the OECD said only last week that Britain needed to "stay the course". He realises, as did the Bank of England Governor Mervyn King when he talked about our deficit as being "clearly unsustainable", that if we had not set out a credible plan and got a grip on our public finances to tackle the deficit, we would have run the risk of an even sharper fiscal tightening later down the road, a loss of confidence and higher interest rates in future.

Helen Goodman (Bishop Auckland) (Lab): It costs £150 to give a person debt advice, and it costs £50,000 to rehouse a family. Will the Economic Secretary explain why Treasury Ministers are cutting the funds to citizens advice bureaux to provide such advice, and why that is a good way to cut the debt?

Justine Greening: We are looking at ways in which we can ensure that people still get the debt advice that they need, and of course a lot of the grants are provided by local authorities. There is no point in Opposition Members talking about debt, because it was their party that created the problem in the first place.

High-technology Manufacturing

9. **George Freeman** (Mid Norfolk) (Con): What assessment he has made of prospects for growth in the high-technology manufacturing sector. [38626]

The Economic Secretary to the Treasury (Justine Greening): The Office for Budget Responsibility sets out the official economic and fiscal forecasts. However, high-tech manufacturing is a key part of our growth plan and we need to ensure that Britain is not just open for business but making things again.

George Freeman: Is my hon. Friend aware of the latest data on manufacturing business confidence? January's purchasing managers indicators show a sharp jump, suggesting annualised growth this year of 2.6%. Intuit, the software survey business, reports that 66% of small and medium-sized enterprise owners say that the VAT rise has no impact on their business, and Investec reports that two thirds of owner-managers plan to hire more staff in 2011. Does that not show that the Government's policy is working and that the right hon. Member for Morley and Outwood (Ed Balls) is out of touch?

Justine Greening: What it shows is that we have the right plan to get our economy back on track. My hon. Friend mentions the purchasing managers index for January, which was at a record high since the series began in 1992. We recognise that our road to recovery will still be choppy, which is one reason why we will bring forward the first phase of the growth review in the Budget that is coming up. That will examine how we can ensure that we create the conditions for our companies to be successful.

Geraint Davies (Swansea West) (Lab/Co-op): Does the Economic Secretary agree with the Institute for Fiscal Studies that the new patent box tax, reducing the patent tax from 28% to 10%, does nothing for new jobs or research and development, and that in fact the Pfizer case, with the loss of 2,300 jobs in Sandwich, is a case in point? It shows that she is doing nothing for modern manufacturing and that choking growth and increasing inflation through VAT is increasing the deficit, not decreasing it.

Justine Greening: It is hard not to point out to the hon. Gentleman that his party supported the patent box when it was in government. It is not just that policy that will support high-tech manufacturing. Our policies of reducing corporation tax year on year rather than having it go up, and of reducing national insurance and getting rid of the worst impacts of the jobs tax that was making it harder for companies to keep people employed, will support growth in the economy. His party simply has no idea how to start making that happen.

Private Finance Initiative

12. **Jesse Norman** (Hereford and South Herefordshire) (Con): What his policy is on transparency in private finance initiative contracts. [38629]

The Chief Secretary to the Treasury (Danny Alexander): The Government are committed to transparency across all areas of public spending, including PFI contracts. All new central Government PFI contracts will be published, and the Treasury website holds PFI statistics that will be updated at the Budget.

Jesse Norman: I thank the Chief Secretary for that answer. Last week, the Ministry of Defence announced that it had chosen three PFI projects as pilots for a wider renegotiation strategy in order to generate a rebate for taxpayers. I and many other Members have warmly welcomed that news. Is my right hon. Friend planning to encourage other Departments to reopen their own PFI contracts to generate future savings?

Danny Alexander: I am grateful for the question, and I certainly support the work that the MOD is doing. We are actively encouraging Departments and local authorities to scrutinise their PFI contracts for savings. As my hon. Friend knows, the Treasury has published draft guidance to help contract managers identify PFI savings, and a pilot will test the savings measures in the contracts,

which will help to scope out possible savings and ensure that other Departments can make the same progress as the MOD.

Mr Speaker: Order. I would be grateful if the Chief Secretary could look at the House as he addresses us.

Mr Andrew Love (Edmonton) (Lab/Co-op): What will the right hon. Gentleman do about the scandal of bunching private finance initiative contracts together and selling them on in the private sector, with no benefit to the public sector? Is he going to take action, and if so, when?

Danny Alexander: As the hon. Gentleman implies, a vast number of PFI contracts were negotiated under the previous Government. If he, in common with any other hon. Members, has examples of low value for money PFI contracts or other concerns, I would be happy to look at them, as I said at the previous Treasury questions. Since then, no hon. Member except my hon. Friend the Member for Hereford and South Herefordshire (Jesse Norman) has come forward with such examples. I therefore look forward to hearing from the hon. Gentleman.

Independent Commission on Banking

14. **Steve Rotheram** (Liverpool, Walton) (Lab): What recent assessment he has made of the progress of the work of the Independent Commission on Banking. [38631]

The Financial Secretary to the Treasury (Mr Mark Hoban): The Government set up the Independent Commission on Banking to consider reforms to the banking sector. We welcome the progress that the commission has made, and look forward to receiving its report in September 2011.

Steve Rotheram: If the banking commission recommends breaking up the big banks, will the Government judge the Vickers report on its own merits, or will they put the value of their shareholding in the nationalised banks first?

Mr Hoban: The commission that has been set up is independent. It is looking at the structure of banking in the UK, and its impact on the wider economy and competition, and we await the outcome of its findings later this year.

Value Added Tax

16. **Mr Iain Wright** (Hartlepool) (Lab): What assessment he has made of the effects on consumer confidence of the recent increase in the basic rate of value added tax. [38633]

The Exchequer Secretary to the Treasury (Mr David Gauke): Sustainable public finances will increase consumer confidence in the medium term. The decisive action taken by the Government in the spending review and June Budget, including the increase in VAT, will put the public finances and spending on a sustainable footing.

Mr Wright: Given the increase in VAT and the biggest monthly fall in consumer confidence since 1992, will the Minister update the House with his assessment of job losses in the retail sector?

Mr Gauke: Unless we get the public finances right, there will be no long-term consumer confidence. Can we imagine what the impact would be if the Government abandoned their approach and just started spending money, like the previous Government did, and failed to tackle the deficit? I am afraid that consumer confidence would go through the floor.

Mr Peter Bone (Wellingborough) (Con): Is it not right to say that to compensate for the increase in VAT, the Government have increased the personal allowance for taxpayers, so that consumers have more money to spend?

Mr Gauke: My hon. Friend is right to say that we have increased the personal allowance, taking 880,000 people out of income tax, resulting in an income tax cut for millions of people. It is none the less the fact that we must tackle the deficit. To the extent that the Labour party wants to do anything about the deficit, it advocates reducing the deficit by increasing taxes by more. Think what that would do.

Financial Planning

17. **Steve McCabe** (Birmingham, Selly Oak) (Lab): What assessment he has made of the effectiveness of support and advice on financial planning and financial literacy for young people and vulnerable groups. [38634]

The Financial Secretary to the Treasury (Mr Mark Hoban): The Consumer Financial Education Body, which is soon to be renamed the Money Advice Service, has statutory objectives to improve understanding of financial matters among the general public, and to enhance the ability of members of the public, including young people and vulnerable groups, to manage their financial affairs. CFEB is the independent body that is responsible for measuring the effectiveness of its work.

Steve McCabe: Given people's reliance on citizens advice bureaux, is the Minister at all worried about the cuts to them, including the closure of all five in Birmingham? How will that help vulnerable people who are seeking reliable financial advice?

Mr Hoban: The Government take the issue of financial advice very seriously. That is why we have supported the establishment of CFEB, which will be funded through a levy raised on the financial services sector, which is very important. It is also important that CFEB takes forward its work and considers how to reach out to some of the most vulnerable people in society.

Basel III Framework

18. **Mark Menzies** (Fylde) (Con): What recent steps he has taken to implement the Basel III framework; and if he will make a statement. [38635]

The Financial Secretary to the Treasury (Mr Mark Hoban): The Government are taking forward work on the implementation of Basel III. The agreement will be implemented on an EU-wide basis through revisions to the capital requirements directive. Legislative proposals known as CRD 4 are expected from the European Commission before the summer. The Commission is working towards the implementation of CRD 4 in member states including the UK on 1 January 2013, with the majority of measures to be phased in by 1 January 2018.

Mark Menzies: Does my hon. Friend agree that the Government's willingness to consider capital control and liquidity reform vastly contrasts with what took place under previous Governments?

Mr Hoban: My hon. Friend makes an important point. Of course, part of the problem was that the light-touch regime introduced by the previous Government for the regulation of the financial services sector meant that, when losses rose, banks did not have sufficient capital to absorb them. The Basel III reforms will tackle that challenge, and I hope that we will see a stronger and more sustainable financial sector.

Topical Questions

T1. [38644] **Andrew Selous** (South West Bedfordshire) (Con): If he will make a statement on his departmental responsibilities.

The Chancellor of the Exchequer (Mr George Osborne): The core purposes of the Treasury are to ensure the stability of the economy, promote growth and employment, reform banking, manage the public finances and generally clear up the mess left by the Labour party.

Andrew Selous: Will the Chancellor update the House on the progress made in making us one nation in pensions, so that people in the private sector do not have to pay for public sector pensions that they can only dream of receiving themselves?

Mr Osborne: We are seeking a more equitable balance. Lord Hutton is due to produce his final report just before the Budget, and we await that. However, we have already made it clear that we need to see savings for the taxpayer. Those were set out in the spending review, and, as I said, we are committed to them. However, in conversations with trade unions, I have been prepared to enter into discussions with them on an extended time frame—to June—about exactly how those savings can be found across schemes and different pay scales.

T2. [38645] **Stephen Pound** (Ealing North) (Lab): The Chancellor of the Exchequer will be aware of the statement made by the Northern Ireland Justice Minister yesterday. Will he explain the reason for the continued failure to make a decision?

Mr Osborne: I assume that the hon. Gentleman is referring to the request for additional support for the security situation in Northern Ireland. It is a request that I have taken very seriously, and we are interrogating the request properly—*[Laughter.]* I know that it comes as a complete surprise to Labour Members that the Treasury should actually interrogate spending requests from Departments, but we have decided that there is new management in charge at the Treasury, and that we should start doing that. We will treat the request with due diligence, but I am clear that security comes first. That will be my priority.

T3. [38646] **Mr Tobias Ellwood** (Bournemouth East) (Con): Is my hon. Friend aware of recently passed US legislation—the Dodd-Frank Wall Street Reform and Consumer Protection Act—that obliges oil, gas and mineral extraction companies listed on US stock exchanges to declare how much they pay directly to a Government for the rights to mine those resources? This has a huge impact in Africa in tackling corruption, increasing transparency and stopping the backhanders that end up being given to Heads of State. Would he agree to meet me to see whether we can introduce such legislation here in the UK?

The Exchequer Secretary to the Treasury (Mr David Gauke): I am grateful to my hon. Friend for asking that question. Indeed, last week I had a meeting with representatives of leading non-governmental organisations on this matter, and the Government are actively engaged at a European Union level to see how we can progress it. He raises a fair point.

T7. [38651] **Mr George Mudie** (Leeds East) (Lab): The Chancellor referred to the need for the regulator to have good judgment. Do Ministers think that the same regulator is using good judgment in all aspects of the retail and mortgage reviews?

The Financial Secretary to the Treasury (Mr Mark Hoban): The hon. Gentleman raises an important question about the continued work load of the Financial Services Authority and its work on financial services. He and I would agree that we want better consumer outcomes from retail financial services, and that means that these areas should be reviewed very carefully. However, I am also certain that the outcome of the mortgage market review should take into account the stability of the housing market.

T4. [38647] **James Wharton** (Stockton South) (Con): The 2010 North East Research and Information Partnership annual jobs report shows a net increase in employment in the region of about 1,300 jobs over the past year. What are the Government doing to ensure that the private sector recovery in the regions continues?

The Chief Secretary to the Treasury (Danny Alexander): The Chancellor announced measures in the Budget on corporation tax and national insurance breaks, particularly for companies in the regions. We have set up local enterprise partnerships, which enable local authorities and businesses to work together to promote their own economic interests, and in due course we will announce the first round of decisions on the regional growth fund, which will help to support exactly the sort of initiatives the hon. Gentleman is concerned about.

Mr William Bain (Glasgow North East) (Lab): Does the Chancellor agree that any credible strategy for growth must include proposals for a fully capitalised, properly

independent green investment bank? Will he assure the House that the Treasury has ceased to act as a roadblock to the creation of such a bank?

Mr Osborne: We are absolutely committed to creating the green investment bank. Indeed, we set aside money in the spending review to achieve that, and we will have an announcement in due course.

T5. [38648] **Andrew Bingham** (High Peak) (Con): As the rising cost of motoring and fuel has such a significant effect on rural constituencies such as mine, can my right hon. Friend update the House on any consideration he is giving to mitigate such problems as part of next month's Budget?

Mr Osborne: I completely understand the pressure that motorists in my hon. Friend's constituency and others are facing, partly due to the increase in the oil price. We have a proposal, in the Budget introduced by the last Labour Government, for an increase on 1 April. As I have said, we are looking at that. We are also considering the case for a fuel duty stabiliser, and we will have announcements on this, potentially at the Budget.

Lilian Greenwood (Nottingham South) (Lab): Does the Chancellor understand the anger that thousands of people in Nottingham feel when they are losing their jobs as a result of his policies, whereas the bankers who caused the credit crisis will be getting huge pay-outs and he has done nothing to stop them?

Mr Osborne: The reason difficult decisions are being taken is because of the policies of the Labour party. Until the Opposition—and in particular the man who had greater influence over Labour's economic policy than any other—face up to that, they will not be a credible alternative. We are clear that we need to put in place steps to deal with the budget deficit and to ensure that the banks lend more, including in Nottingham, and pay less in bonuses than they did when Labour was in government. We expect to have announcements on that in the next week, but we need also to reform the way we help people who are unemployed, and that is what the Work programme will do.

T6. [38649] **Mr Adam Holloway** (Gravesham) (Con): Given the astronomical levels of debt left to families in my constituency, can the Chancellor confirm that the planned cuts for this April that he inherited from Labour were just £2 billion less than those of the Government?

Mr Osborne: I can indeed confirm that, and this is one of the great paradoxes at the moment. The plan, which the previous Government all appeared to have signed up to, including the shadow Chancellor—that is, the plan put in place by the last Chancellor of the Exchequer—starts in eight weeks' time and involves billions of pounds of cuts, amounting to just £2 billion less than what we are planning this year. We have not had any proposals from the Opposition; they have eight weeks to come up with a plan.

Rachel Reeves (Leeds West) (Lab): In Leeds we will lose 11 citizens advice bureaux debt advisers next month because of the cancellation of the financial inclusion fund. Where would the Minister suggest that my constituents who are struggling with debt and excessive and escalating charges from doorstep lenders go for advice?

Mr Hoban: The hon. Lady will be aware that the financial inclusion fund, which was set up by the previous Government, was coming to a close at the end of March. Other sources of debt advice are available. For example, the Consumer Credit Counselling Service is an effective provider of advice, while the Money Advice Trust provides advice over the phone. There are sources of advice out there, but as I said in response to a question from the hon. Member for Birmingham, Selly Oak (Steve McCabe), the Consumer Finance Education Body, which was set up by the previous Government and which we proposed, will reach out to the most vulnerable people in society to ensure that they get access to high-quality advice.

T8. [38652] **Gavin Williamson** (South Staffordshire) (Con): Will my right hon. Friend join me in welcoming the decision by Moog Aircraft, which is based in my constituency, to invest millions of pounds in a new site to replace its old factory, securing 400 jobs in South Staffordshire? After 13 years of Labour's decline in manufacturing, is this not a further sign that we are now seeing a manufacturing recovery?

Mr Osborne: My hon. Friend makes an excellent point. I join him in congratulating the company on its announcement. Under the last Labour Government the share of the economy taken by manufacturing halved; under this Government we are seeing a manufacturing revival.

Naomi Long (Belfast East) (Alliance): Further to his answer to the hon. Member for Ealing North (Stephen Pound), will the Chancellor please confirm for the House that what the Minister for Justice in Northern Ireland has actually requested is not additional funding, but simply that the Treasury stands by the negotiated financial agreement that led to the devolution of policing and justice in the first place?

Mr Osborne: As I said to the hon. Member for Ealing North, we are carefully considering the request. I am clear that security comes first. Of course the Treasury has to apply due diligence to any request from a Department or devolved authority, but she should take it from me that we put security first.

Tim Farron (Westmorland and Lonsdale) (LD): Our mountain rescue teams are staffed by outstanding volunteers doing professional work, but outrageously they have to pay VAT and vehicle excise duty on life-saving equipment. Is it not time that this Government put an end to this and refunded that VAT?

Danny Alexander: My hon. Friend is quite right to celebrate the work of the mountain rescue teams. Of course they face additional equipment costs, and that is why we allocated funds in the spending review to help to support mountain rescue teams with those costs. The Department concerned, the Department for Transport, will make an announcement on this in due course.

Mr Chuka Umunna (Streatham) (Lab): It is extremely important that the Government are seen to act on the recommendations of the Independent Banking Commission, when they come out, in the national interest rather than in the interest of any particular sector. Does the Chancellor think that it is wise for the Minister, the noble Lord Green, an immediate former chair of the British Bankers Association, to sit on the Cabinet Committee that makes decisions on such matters? He joined that Committee last month, just two months after leaving the chairmanship of HSBC, a bank for which he worked for more than 25 years and which will be profoundly affected by the decisions that the Committee makes.

Mr Osborne: First, I am glad that the hon. Gentleman welcomes the creation of the Independent Banking Commission. I hope that all hon. Members have an open mind about the recommendations that it will make, and that they agree that we should not close off any options until we have heard from John Vickers. He is doing an excellent job, and we await his final report later this year. The hon. Gentleman is ungenerous in his remarks about Lord Green, who brings enormous experience to the job of Trade Minister. I would just point out that he has replaced Lord Davies, who was appointed by the Labour Government at a time when he was chief executive of Standard Chartered, so it is not as though bringing top bank chiefs into the Government is an innovation.

Andrea Leadsom (South Northamptonshire) (Con): In the light of the recent appalling press about Her Majesty's Revenue and Customs' problems with PAYE and, now, with national insurance contributions matching, is the Minister as concerned as I am about the imminent introduction of online filing for companies, many of which have said that they simply lack the preparedness to deal with it?

Mr Gauke: I appreciate my hon. Friend's concerns about online filing. It is the case that one of the providers has been unable to meet the timetable that HMRC set out, although a number of other software providers have been able to do so. We are seeking to ensure that we implement this in a way that is sympathetic to businesses, but we want to stick to the original timetable. Those businesses that have delivered should not be punished because of the failures of another.

Kelvin Hopkins (Luton North) (Lab): Manufacturing has undoubtedly been helped a lot by the depreciation of sterling, which took place under the last Labour Government. That was only possible because Labour wisely kept us out of the euro. There is now a possibility that interest rates might rise. Will the Chancellor be putting pressure on the Monetary Policy Committee not to raise interest rates?

Mr Osborne: The Monetary Policy Committee is independent of this Chancellor—and, indeed, of previous and future Chancellors—and that is how we intend to keep it. On the hon. Gentleman's point about the devaluation of the currency, I would just observe that it is incredibly important that the manufacturing industry makes itself even more competitive, and it could use the devaluation as an opportunity to do that. Some Government policies—on taxation and on employment law, for example—will also help in that regard, but the thrust of his question is right: we should not rely solely on the devaluation to make our manufacturing industry globally competitive.

Mr Douglas Carswell (Clacton) (Con): The Chancellor is entirely right to emphasise the need to be careful with public money. Will he therefore please explain his role in approving the deal to make the UK taxpayer liable for billions of pounds to bail out the euro under the European stabilisation mechanism? Will he respond to my freedom of information request, and publish the advice that he was given on the agreement on assuming office?

Mr Osborne: First, I will look at my hon. Friend's FOI request, because I have not seen it. The broader point that I would make is that my predecessor as Chancellor, in the weekend between the general election and the creation of the new Government, agreed to the creation of the European stability facility. That involves a UK commitment which takes place on the basis of qualified majority voting; we do not have a veto. I made it clear to the previous Chancellor at the time that I did not support what he had done. However, it has happened and we have to live with the consequences.

Ian Austin (Dudley North) (Lab): In a speech to the City in 2008, several months after the collapse of Northern Rock, the then Leader of the Opposition—now the Prime Minister—complained that the City had been subjected to too much regulation and to "excessive bureaucratic interventionism". He also said that

"government needs to do less taxing and regulating".

Can the Chancellor tell us what he meant?

Mr Osborne: I am reminded of the speech in the City made by the right hon. Member for Morley and Outwood (Ed Balls), when he said in 2006:

"In my first speech as City Minister at Bloomberg in London, I argued that London's success has been based on...light-touch...regulation".

He also said that he hoped the City would take comfort from the way the Labour Government had responded to new risks and to events. That is the Bloomberg speech that he likes to forget.

Mr David Davis (Haltemprice and Howden) (Con): There is a lot of public disquiet about alleged enormous sweetheart deals done with major public companies—Vodafone and others—in the last five years. Three or four months ago, I tabled a question asking how many of these deals had been done, costing more than £100 million at a time. The answer I received was that the information requested was "not readily available" and could be provided "only at disproportionate cost". I received a similar blocking answer this morning. When is the Minister going to tell the House what HMRC has been up to?

Mr Gauke: The National Audit Office has investigated and examined that as a matter of course. There is no question of sweetheart deals. The reality is that HMRC is seeking to recover as much tax as is due. That is what it has done in a number of cases. I am not going to comment on individual cases. That is a matter of

confidentiality; I do not get to see the details. None the less, I think wild allegations have been made against HMRC, for which there is little or no evidence.

Alison McGovern (Wirral South) (Lab): I was just checking and realised that the Government's own business planning projections show that the proportion of young people on the dole by the end of this Parliament will be reduced by less than 1%. Will the Chancellor explain what his plan is to increase the number of jobs made available to those young people?

Mr Osborne: This country has a problem with youth unemployment that has been apparent for a decade. Even in the boom years during the middle part of the last decade, youth unemployment was increasing and a whole generation was being left behind. I hope that we can achieve some kind of cross-party consensus on trying to reform our welfare system so that people do not get trapped in poverty and work always pays. We are reforming the new deal and replacing it with the Work programme so that we are more effective at giving young people the training they need and the opportunities that have been lacking for the last decade.

Stephen Williams (Bristol West) (LD): Following on from the question from the right hon. Member for Haltemprice and Howden (Mr Davis), many of us will have seen—and some of us, myself included, will approve of—the demonstrations organised by UK Uncut outside certain high street well-known names. What are the Government doing to tackle corporate tax avoidance schemes by some large corporates, and what is the Chancellor going to do to make sure that the actions of some well-known and popular figures, such as premiership football stars and grand prix drivers, are also tackled?

Mr Gauke: The fact is that over the spending review period, £900 million is devoted specifically to HMRC for improving the capability of tackling tax avoidance and tax evasion. We take the issue very seriously and we announced proposals in December to reduce the tax gap further.

Russia (Exclusion of Journalist)

3.33 pm

Chris Bryant (Rhondda) (Lab): *(Urgent Question)*: To ask the Minister to make a statement on the expulsion from Russia this weekend of the journalist for *The Guardian*, the Moscow correspondent Mr Luke Harding.

The Minister for Europe (Mr David Lidington): On Saturday 5 February Luke Harding, a British journalist and correspondent on Russia for *The Guardian*, was refused entry to Russia at Moscow airport and sent back to the United Kingdom. Mr Harding is a journalist who knows Russia well and has, over the last four years, given readers of *The Guardian* genuine insight into that country.

A free media and freedom of expression are a vital element of any free and democratic society—and the Government deplore any restriction on those freedoms. Mr Harding was not given any explanation for his exclusion and it is unclear to us at this stage whether he has the right of appeal against this decision.

My right hon. Friend the Foreign Secretary spoke to the editor of *The Guardian* over the weekend and subsequently to the Russian Foreign Minister, Sergei Lavrov, by telephone yesterday. My right hon. Friend asked Foreign Minister Lavrov to explain the reasons behind the decision to decline entry to Mr Harding. Mr Lavrov said that he was not aware of the specific reason, but promised to find out and let us know. We are yet to receive a response, but we understand that the Russians are actively looking into the issue. We have since passed this information to the editor of *The Guardian*.

We understand that Mr Harding had previously been warned by the Russian authorities about several alleged violations of his status as a journalist, including visits without permission to border zones and classified areas. Indeed, last November *The Guardian* approached us asking for support to secure Mr Harding's reaccreditation as a journalist when his accreditation had been withdrawn. We then made representations to Moscow at a senior level, and in the event Mr Harding was granted an extension of his accreditation as a journalist.

We have raised our concerns about media freedom in Russia, most recently during our bilateral human rights dialogue with the Russian Government on 18 January. As the House will know, Foreign Minister Lavrov is due to visit this country next week. My right hon. Friend the Foreign Secretary will raise various issues—including, most certainly, human rights and media freedom—during his discussions with Mr Lavrov. Knowing my right hon. Friend, I am confident that he will have this case very much in mind when he does so.

Chris Bryant: I am grateful to the Minister for his reply. As he has said, Luke Harding is a thorough, meticulous and courageous journalist—qualities that are essential for anyone working as an independent journalist in today's Russia. His British wife and young children are now stuck in Moscow without him. As the Minister said, when he tried to enter Russia this week he was detained before being put on a plane back to London. I am told that as his passport was handed back to him the Russian police officer told him, "For you, Russia is closed."

Is this not a pretty chilling state of affairs? Does it not accord with the harassment of the last British ambassador to Moscow, the rigged trial of Mikhail Khodorkovsky, the persecution of journalist Fatima Tlisova, and the murder of her colleague Anna Politkovskaya, with which no one has yet been charged and of which no one has yet been found guilty? Does it not also accord with the revelation that the Russian security service press office which deals with journalists' inquiries has now been given authority to issue licences for the routine bugging and surveillance of all journalists operating in Russia?

The United Kingdom has vast financial interests in Russia. Will not British businesses be nervous, fearing that this shows a return to the worst practices of the communist era? Will people not think that those who have suggested that Russia is a mafia state or a kleptocracy are not far off the mark?

What actions has the Foreign Office taken on behalf of Mr Harding and his family? I gather that the Russian Foreign Minister—who, as the Minister said, is expected to visit London next week—maintains that he knows nothing of the circumstances. What further representations will our Government make? Will they make it clear that Mr Lavrov is not welcome in this country while British journalists are excluded from Russia? Will they emphasise that, as a member of the Council of Europe, Russia must ensure the freedom of the press within its borders? May I urge all Government Members who are Council of Europe delegates and sit in the same grouping as Russian members of Mr Putin's party to make absolutely clear to them that these actions are completely unacceptable?

Mr Lidington: We will certainly offer whatever consular support we are able to give to Mr Harding's family. The hon. Gentleman will appreciate that events have been moving very rapidly over the past few days. As I said in my original answer, my right hon. Friend the Foreign Secretary will raise both the broader human rights concerns and, as appropriate, the case of Mr Harding—and, indeed, other individual cases—during his discussions with Mr Lavrov when they meet next week.

I think it important for the United Kingdom to continue to talk to Russia. Russia is a significant power in the world in both an economic and political and a military context. There will be issues, relating to counter-terrorism and nuclear proliferation, on which we want to find a certain amount of common cause with Russia, but it is also important—and the hon. Gentleman was right to stress this—that we are unafraid to raise very clearly in our discussions with Russian Ministers and officials issues on which we disagree, and disagree strongly.

While the British Government will continue to support British business in its work around the world, we also make it clear to Russia and, indeed, other countries that if they seek to attract international investment in their economies, it is in their interests to be able to demonstrate that they are governed by the rule of law which respects fundamental human rights, including the freedom of the media.

Mr John Whittingdale (Maldon) (Con): I endorse the concerns expressed by the hon. Member for Rhondda (Chris Bryant). Does my right hon. Friend the Minister agree that we in this House have always recognised that, although freedom of the press is sometimes uncomfortable,

it is absolutely vital to a free society? Does he also agree that the treatment of Luke Harding is a matter of some concern, but that it is of even greater concern that half a dozen or more journalists have been killed or have disappeared in Russia in the past few years? Will he make absolutely sure that those coming to this country from Russia are left in no doubt as to how seriously we regard that?

Mr Lidington: My hon. Friend makes good and sensible points. We consistently raise both individual cases and the broader issues to which he rightly ascribes importance with Russian visitors to the United Kingdom, but they are also raised by British Ministers and officials when visiting Russia, and we will continue that practice.

Mr Wayne David (Caerphilly) (Lab): I thank my hon. Friend the Member for Rhondda (Chris Bryant) for tabling this urgent question. I am sure that Members on both sides of the House will be extremely concerned about the detention and then the expulsion from Russia of Luke Harding. Freedom of the press should be one of the cornerstones of a modern democratic country. Therefore, this incident can only reflect badly on the Russian Government, especially as it is, unfortunately, not an isolated instance of the negation of press freedom. It is, indeed, of great concern that such a respected and highly regarded journalist as Mr Harding should be treated in such a way.

I am glad that the Government share the Opposition's concern about what is happening in Russia, and I urge the Government to continue to make urgent and vigorous representations to the Russian Government. I also urge the Government to ask for specific reassurances regarding British journalists. Moreover, can the Minister urge the Prime Minister to raise the case of Mr Harding when he visits Russia later this year?

Mr Lidington: I can certainly assure the hon. Gentleman that my right hon. Friend the Prime Minister will raise human rights issues when he talks to Russian leaders, whether during his visit to Moscow that we hope will take place later this year, or at the margins of other international gatherings where he might meet members of the Russian leadership. It is very much in the interests of the Russian Government that they start to demonstrate that they respect international norms on human rights and media freedoms, not least because Russia itself has signed up to the various European and international conventions that embody those principles.

Mark Pritchard (The Wrekin) (Con): Notwithstanding the damage this incident does to Russia's international image, does my right hon. Friend agree that, at a time when the Russian Government are seeking support for their membership of the World Trade Organisation, their not abiding by international norms does not advance their case?

Mr Lidington: One of the strongest arguments for wishing to see Russia accede to the WTO is that it would bring Russia into a rules-based organisation governing world trade. I think—I hope—that the Russian authorities will reflect on the impact decisions such as that over Mr Harding and those over many other individual cases will have on how they are seen by countries around the world and international organisations with which they wish to develop stronger relationships.

Paul Flynn (Newport West) (Lab): It is certainly true that Russia has become more oppressive and that it does not respect the agreements that it has signed. Would it not be a great shame if the Council of Europe and the European Court of Human Rights, which are the main protectors of freedom in Russia and many other countries in Europe, were undermined this week by attacks in this House? Should the right hon. Gentleman not urge his hon. Friends to make sure that the valuable work of the ECHR continues?

Mr Lidington: I will not be drawn into what the House might be debating later this week, but the hon. Gentleman makes a fair point when he says that, alongside those decisions of the ECHR with which we might strongly disagree, we must weigh in the scales its decisions, as in the case of Russia, to uphold firmly basic human rights and personal and media freedoms, and its severe criticism of the Russian authorities for their failure to do so.

Jo Swinson (East Dunbartonshire) (LD): Luke Harding's expulsion is an extremely concerning development amid the complete lack of media freedom in Russia. It comes on the heels of the murder of Anna Politkovskaya and the violent attack on Oleg Kashin in November, and shows the real danger in which both foreign and local journalists operate in Russia, which makes a mockery of Russia's membership of the Council of Europe. Even if the Russians refuse to see why, morally or liberally, this is totally unacceptable, can they at least be persuaded that it is hugely damaging to their own interests because of its impact on foreign trade, investment and their place in the world?

Mr Lidington: I agree completely with that last point. We will certainly continue to raise with the Russians the individual cases and general issues that the hon. Lady cited, as we did during the human rights dialogue that took place last month in London. We will also continue to give support to a number of both Russian and international non-governmental organisations that seek to monitor alleged human rights abuses and uphold basic freedoms, especially in the north Caucasus.

Mr David Winnick (Walsall North) (Lab): In November 1992, I heard the then Russian President, Boris Yeltsin, tell the assembled Commons and Lords that there would be no return to the old ways in his country. Is it not unfortunate that, increasingly, Russia is returning to autocratic ways? It would be a great blow not only to the Russian people but to the international community if the worst aspects of tsarism and communism were to return to that country.

Mr Lidington: When I look at Russian history what strikes me is how much the Russian people have suffered over the past century. I would dearly love to see Russia playing its full part as a member of the community of nations, including by showing respect for human rights and freedoms. The Government have always welcomed the statements, particularly from President Medvedev, arguing that Russia is moving towards greater acceptance of the rule of law and he is seeking to demonstrate greater respect for liberties in his country. It is important that the Russian authorities realise that we cannot make a judgment on the basis of words alone and that we look at their actions in judging whether those welcome expressions of intent are translated into practical action.

Robert Halfon (Harlow) (Con): Given the horrific events that the hon. Member for Rhondda (Chris Bryant) has just described, does the Minister agree that Russia is rapidly becoming a rogue state? What can our Government do proactively to help reformers and democrats in Russia properly?

Mr Lidington: We can help by speaking out about our concerns, both in public and candidly in private to Russian leaders and officials. We can do so both bilaterally and through multilateral organisations, especially the European Union, and we welcome the statement that Baroness Ashton published last November on this matter. We can also continue to help by supporting NGOs that focus on the situation in Russia, be they Russian or international. However, I ask my hon. Friend to accept that on a number of important issues at the United Nations Security Council it has been possible to achieve a measure of constructive agreement with Russia. We would welcome things such as its agreement to tougher sanctions against Iran—that was agreed last year. We very much welcomed the successor to the START—strategic arms reduction treaty—agreement that was negotiated between the Governments of Russia and the United States. We want to see more of that kind of development in the world.

Points of Order

3.49 pm

Angus Robertson (Moray) (SNP): On a point of order, Mr Speaker.

Mr Brian H. Donohoe (Central Ayrshire) (Lab): On a point of order, Mr Speaker.

Mr Speaker: Order. I wish to accommodate both hon. Members.

Angus Robertson: This morning, the Government issued a written statement on the ditching of the privatisation of search and rescue contracts. That written statement provided no answers about the multi-million pound cost to the taxpayer of pursuing that madcap privatisation scheme in the first place. No details were provided about what that will mean for military aircrew who should be remaining on search and rescue flights. No confirmation was given on what should happen to military facilities that operate those search and rescue flights, such as RAF Lossiemouth in Moray or HMS Gannet in Ayrshire. How would it be possible to get a full statement in the House, so that hon. Members who have a constituency or other interest can question Ministers on what is, after all, a lifeline public service?

Mr Donohoe: Further to that point of order, Mr Speaker.

Mr Speaker: I will take the point of order from the hon. Gentleman and then reply to both hon. Members.

Mr Donohoe: My concern is similar to that of the hon. Member for Moray (Angus Robertson). That statement should have been made in this place and not on the airwaves, which is what happened. Despite having a constituency interest in the subject, I was given no notice of the statement in the House of Commons Library. Nobody informed me that it had been put there, and I had to seek it out myself, which I find outrageous. It is time that the Government got themselves into check in order that this place remains sovereign—rather than the airwaves of this country.

Mr Speaker: I am grateful to the hon. Members for Moray (Angus Robertson) and for Central Ayrshire (Mr Donohoe) for their points of order. The timing, form and content of ministerial statements are, as both hon. Members will appreciate, a matter for the Government and not for the Chair. I note what both of them have said about what they regard as the inadequacy of the handling of the matter. Their opinion has been placed firmly on the record.

I say two things in conclusion to them. First, the Leader of the House is present. He will have heard what they have said—he is entitled to respond, but he is under no obligation to do so this afternoon. *[Interruption.]* The right hon. Gentleman is well able to fend for himself. Secondly, both hon. Members are at liberty and might be wise to approach the Table Office to decide what options are available to them to pursue this very legitimate concern on behalf of their constituents.

If there are no further points of order, we come to the ten-minute rule motion. The hon. Member for Harlow (Robert Halfon) has been waiting patiently. Just before he graces the House with his eloquence, I appeal to hon. Members who are leaving the Chamber—I am sure that there will not be very many—to do so quickly and quietly so that we may hear him.

BBC Licence Fee Payers (Voting Rights)

Motion for leave to bring in a Bill (Standing Order No. 23)

3.52 pm

Robert Halfon (Harlow) (Con): I beg to move,

That leave be given to bring in a Bill to require the BBC to enable licence fee payers to vote on its strategic direction and aspects of senior salaries and programming, including referenda on particular issues; to provide for election of the BBC Trust and the non-executive members of the BBC Executive Board by licence fee payers; to make other provision relating to the governance of the BBC; and for connected purposes.

I welcome the chance to present this ten-minute rule Bill today on democratising the licence fee. I believe that this measure will enhance the BBC rather than weaken it. Like many of our countrymen, I believe that the BBC is a great British institution. It has an umbilical cord to the British people. If it did not exist, we might even have to invent it.

On the question of impartiality, I have issues, which I will raise later in my remarks. Nevertheless, when respected journalists such as Peter Sissons suggest that the BBC has an institutional left-wing bias, ironically in some ways it is good for people like me and other Conservatives. It means that we cannot brook complacency, and that we have to be that much better than the centre-left in presenting our case. When it comes to BBC impartiality, I am reminded of the old maxim of Shimon Peres, who described the BBC World Service as

"making dictatorship untenable, and democracy unbearable".

It is nevertheless worth having.

I listen regularly to BBC radio, including the World Service, which is central to spreading liberal democracy around the world. However, despite the BBC's positive attributes, of which there are many, it has fundamental flaws. That is why I am raising this matter today. I have been campaigning for the democratisation of the licence fee for a long time, raising it with the Culture Secretary and tabling several early-day motions. I sometimes feel like the man on the Clapham bus.

Let me outline the problems as I perceive them. First, the BBC is monopolistic, with about a third of TV viewing and half of radio. Monopolies tend to concentrate power in the hands of a few executives and to take power away from ordinary people and customers, which is something we should worry about. Secondly, the BBC is often branded as anti-competitive because it does not have to make a commercial return on its products. One example of that was BBC jam, an online education service that in 2007 was crowding out other education businesses such as Pearson UK in my constituency. In the end, it was rightly withdrawn from service.

Thirdly, the licence fee is a mediaeval anachronism. It is similar to our voting system in the UK before the Reform Acts of the 19th and 20th centuries in that it is taxation without representation and means disfranchisement. We are right not to tolerate that in our politics and we should not tolerate it in our public media either. This point is crucial. If one wants to watch television, which is a basic hope these days, one must buy a licence. The licence fee does not pay for universal infrastructure but is all spent on the BBC. Like all taxes, the licence fee is a coercive system that is backed by the threat of fines and prison, but what if we do not like decisions taken by the BBC Trust and its director-general? Some might feel that the licence fee is a regressive tax which penalises those on low incomes. Others will be upset by the salaries of senior BBC executives and celebrities. Many were angered at the BBC's assault on the late Norris McWhirter, a war hero and founder of the Freedom Association.

The reality is that licence fee payers want choice. Some might want a beefed-up World Service, paid for by reducing expense elsewhere—perhaps by cutting the £50,000 a day that the BBC spends on taxis, or by abandoning the hugely expensive and unwanted move to Salford. Some might want more spent on Radio 3 or Radio 1. Although licence fee payers will welcome the freeze in the fee that the Government have negotiated, much more needs to be done. If we had choice, we might choose a BBC with twice as many news journalists as broadcasters, paid for by reducing celebrity salaries, but at the moment we are powerless, because the BBC is run like a feudal monarchy. As licence fee payers, we are compelled to pay our dues, and if we do not like that, our only choice is to abandon TV altogether. What recourse do we have? Where is the Independent Parliamentary Standards Authority or level playing field on freedom of information for the BBC?

There is a statutory requirement for the BBC to consult its licence fee payers, but everyone knows that many of the current so-called consultations are a sham, with most decisions having been made well in advance. When he was running for the leadership of the Labour party, the right hon. Member for South Shields (David Miliband) called, in a variant of my idea, for the BBC to become some sort of co-operative. I have no objection to that in principle, but the best way to ensure real democratic control of the BBC is to allow licence fee payers, at individual level, to make key decisions. We must give them the chance to sack grandees if they have grown out of touch with public opinion. Under such a system, licence fee payers would be free to elect the board and chairman of the BBC, agree the annual report and have some say over programme making and the payment of celebrity salaries. It would be similar to shareholders having the ability to hire and fire their board, but with one main difference—every licence fee payer would hold just one share and one vote. Licence fee payers would vote via the internet with a special PIN, keeping administration costs low. The BBC could even call a special referendum for controversial issues, such as whether to allow extremists such as the British National party to appear on "Question Time". Senior BBC members and outside candidates could compete in primaries against each other. We could spark a genuine debate—a battle of ideas—about the kind of BBC that we want, and how it should spend our money.

To those who say that democracy results only in the lowest common denominator, I say that is untrue. Look at Classic FM and Sky News. There is a real demand out there for quality, and I have a great faith in the British people. The BBC cannot continue—dare I say it—to be a kleptocracy, indifferent to the public who pay for it. Auntie pays out huge salaries to executives and celebrities alike. Her bureaucracy grows exponentially. Her undemocratic licence fee has become an anachronism in the days of multi-channel satellite television. If the BBC really does depend on the licence fee for its survival, then there must be some genuine checks and balances. What better way than democratising the licence fee?

[Robert Halfon]

Question put and agreed to.

Ordered,

That Robert Halfon, Nick de Bois, Craig Whittaker, Pauline Latham, David Tredinnick, Priti Patel, Mr James Clappison, Mr Lee Scott, Mr David Nuttall, Laura Sandys, Simon Hart and Nadhim Zahawi present the Bill.

Robert Halfon accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 25 November and to be printed (Bill 142).

Education Bill

[Relevant documents: First Report from the Education Committee, Behaviour and Discipline in Schools, HC516-I.

Uncorrected transcript of evidence taken before the Education Committee on 2 February 2011, on the Annual Report of the Chief Schools Adjudicator 2010, HC 782-i.]

Second Reading

4.2 pm

The Secretary of State for Education (Michael Gove): I beg to move, That the Bill be now read a Second time.

What a pleasure it is to appear before you, Mr Speaker, for the third time within 24 hours.

The Bill is a response to three specific challenges that our country faces in this the second decade of the 21st century—the challenge of how to respond to an economic crisis, the challenge of how to respond to the scandal of declining social mobility, and the challenge of how to respond to our educational decline, relative to competitor nations.

We on the Government Benches, both the Conservative and the Liberal Democrat parties, believe that it is only by radically and fundamentally reforming our education system and learning the lessons of the highest performing nations that we can generate the long-term economic growth on which prosperity depends and that we can produce the level of social justice that is appropriate for a modern liberal democracy. I hope that across the House tonight we can develop consensus on the need for fundamental reform.

It was striking that just five years ago across the Dispatch Boxes in the House there was consensus between those on the two Front Benches on the fundamental need for education reform. My right hon. Friend the Member for Witney (Mr Cameron) and the then right hon. Member for Sedgefield both recognised the fundamental need for reform. I hope that we can see the same consensus across the Front Benches tonight. If not, that will tell us something about the state of the Labour party in the second decade of the 21st century.

What about the state of the economy that the Labour party bequeathed the coalition Government—the state of the mess that we have to clear up? It is against that backdrop that we need to appreciate the fundamental need for educational reform. It is only by having a well-educated, capable and highly skilled work force that we can deal with the economic crisis generated by the right hon. and hon. Gentlemen on the Opposition Front Bench. We had a structural deficit for seven years before the banking crisis began. When we entered that period of unprecedented global turbulence, our economy had been undermined by the actions of the previous Government. *[Interruption.]* I know that Opposition Members find that difficult and that it is painful to be reminded of the desperate position in which they left the country, but the need for urgent reform is underlined by the terrible mess they made—*[Interruption.]* No matter how much they chunter, object or interject from a sedentary position, these are truths that they and the country have to face. They cannot run away from that fact.

When the OECD graded this country in 2000, we had the best fiscal position in the G7, but in 2007 we had the worst fiscal position, and that was before the banking crisis. By 2010, we had the largest deficit of any G20 country, and today we are paying £120 million a day in debt

interest. Manufacturing output fell by 9% as a share of the economy in Labour's years and we lost 1.7 million manufacturing jobs. According to the World Economic Forum's ranking of global competitiveness, we moved from fourth to 86th. No country can succeed economically or respond to an economic crisis unless it ensures that its education system is fit for purpose, and under the previous Government it was not.

Mr Edward Leigh (Gainsborough) (Con): Can we get back to education? The previous Labour Government tried in their last Bill to bring in compulsory sex education. The Bill before us is an excellent Education Bill, which I fully support, because it is all about devolving power to schools. Will my right hon. Friend assure me that he will resist any amendments on Report that would bring in compulsory sex education for primary schools?

Michael Gove: I am grateful to my hon. Friend for, as ever, leaping straight on to sex—I know that it is a subject of great interest to him and to many in this House. I always feel that one should discuss money before discussing sex, because the one and the other are so intimately connected in the minds of so many Members. That is why I was so anxious to ascertain whether Opposition Members were proud of the economic record they bequeathed. I am happy to reassure my hon. Friend that I will not accept amendments in Committee that seek to make the curriculum any more prescriptive or intrusive. The Bill will enhance professional freedom and autonomy, because we recognise that it is only by doing that we can ensure that our economy and education system are fit for the 21st century. It is not only the economy that was undermined by what happened on Labour's watch; social mobility also worsened.

Geraint Davies (Swansea West) (Lab/Co-op): Will the Secretary of State give way?

Michael Gove: In due course.

Inequality worsened under Labour and the education system exacerbated it. If we look at the gap between children eligible for free school meals and their more fortunate and privileged counterparts, we can see that as those children moved through the education system and progressed under Labour the gap between rich and poor widened.

Andy Burnham (Leigh) (Lab): Will the Secretary of State give way?

Michael Gove: In due course.

At age seven, the gap in reading scores between those children who were eligible for free school meals and those who were not was 16 points. At age 11, the gap was 21 points in English and maths. At age 16, the gap was 28 points at GCSE, and only 30% of children eligible for free school meals got five good GCSEs including English and maths. In 2009, only 4% of children eligible for free school meals even sat a chemistry or physics GCSE, and in 2008 40% of those children did not get even a single C in any GCSE.

At A-level the situation is worse still, with the gap between private schools and state schools doubling under Labour: in 1997 only 12% more privately educated students got three As at A-level than their state school counterparts, but by 2010 that figure was 24%. In 2008, no child in Hackney, Newham, Sandwell, Knowsley or Lambeth got three As at A-level including maths and further maths. Only 53 children eligible for free school meals, from an entire cohort of 75,000, even sat further maths A-level.

The number of children eligible for free school meals who made it into Oxbridge under Labour fell. In the last but one year for which we have figures, the number was 45; in the last year for which we have figures, it was 40. No wonder the Sutton Trust found that children's levels of achievement are more closely linked to their parents' background in England than in any other developed nation. The truth is that, under 13 years of Labour rule, this country became the sick man of Europe in terms of social mobility. Opportunity was capped, aspiration was depressed and, as a result, the life chances of the most vulnerable were failed by the former Ministers who now sit on the Opposition Benches.

Bill Esterson (Sefton Central) (Lab): I want to bring the Secretary of State back to his comments on the economy. Up until 2008, the Conservatives were committed to sticking to Labour's spending plans. In 2007, the current Chancellor wrote an article in *The Times* entitled, "Tories cutting services? That's a pack of lies", in which he made it clear that they were committed to Labour's spending totals at the time. Why is the Education Secretary pushing through these cuts now? Why the change of heart? Did he not agree with those comments at the time?

Michael Gove: I know that there is a worry throughout the country about libraries, but I see that the hon. Gentleman clearly spent quite a lot of time in the cuttings library of the House given the faithful way in which he read out that handout. It was on the watch of the Government whom he supported that we moved from having the best fiscal position in the G7 to the worst. My right hon. Friend was not in charge of the economy then; the right hon. Member for Leigh (Andy Burnham) was Chief Secretary to the Treasury and borrowing money hand over fist. If the hon. Gentleman shares my anger and rage at how his constituents were let down by a debt and deficit mountain that is holding the next generation back and if he is angry about that intergenerational theft, he knows where to point the finger: at the robbers on the Opposition Front Bench.

Andy Burnham: I am not entirely sure that that was parliamentary language, again, Mr Speaker. I wonder whether you might consider that while I make this intervention.

We know the right hon. Gentleman likes history, but is he not guilty of rewriting it? On the plans that I made as Chief Secretary, his leader called them "tough" at the time, but let me put this point to him, because he has not given us the true picture on social mobility. Is it not the case that, between 2005 and 2007, the number of children on free school meals who went to university increased by 18%, against a 9% increase among the rest of the population?

Michael Gove: The total increase as a proportion of the cohort was actually less than 1%, because it was a remarkably low base. The right hon. Gentleman cites a

[Michael Gove]

selective statistic, because he chooses only two years from Labour's record. It is interesting that he chooses only those two years, because, when we look at the broad spectrum of statistics, we see that he cannot gainsay any of them.

If the right hon. Gentleman wants more statistics, why does he not look at the OECD programme for international student assessment—PISA—statistics? He quoted them yesterday, and they tell us what happened on Labour's watch to every child's education. We know that the poorest were worst off, but the other set of statistics that he invoked yesterday demonstrates that, actually, all our children were failed by Labour. We moved from fourth to 14th in the world rankings for science, seventh to 17th in literacy and eighth to 24th in mathematics by 2007.

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): Will the right hon. Gentleman give way?

Michael Gove: Not yet. I shall be delighted to give way in just a second.

By 2010, we had moved from fourth to 16th, from seventh to 25th and from eighth to 28th in those subjects. In mathematics, 15-year-olds in Shanghai are more than two years ahead of 15-year-olds here. The OECD found that, in this country, the number of 15-year-olds who can generalise and creatively use information based on their own investigations and the modelling of complex problem situations is just 1.8%; in Shanghai, it is 25%—more than 10 times better.

Mr John Redwood (Wokingham) (Con): Will my right hon. Friend give way?

Michael Gove: In a second.

The only way in which we will generate sustainable economic growth is by reforming our education system so that we can keep pace with our competitors. How can a country that is now 28th in the world for mathematics expect to be the home of the Microsofts, the Googles and the Facebooks of the future? The only way in which we can hope to compete effectively is not just by educating a minority to a high level, but by utilising the innate talent of every child, and that is what the measures in this Education Bill will do.

Mr Blunkett: Of course it is true that many countries throughout the world are investing in and driving forward their educational standards in a commendable way. However, the PISA study to which the Secretary of State referred and the changes in tables that he described are affected substantially—are they not?—by the fact that the number of countries taking part doubled, so he was not comparing like with like.

Michael Gove: I absolutely was comparing like with like, because the whole point about these tables is that they show us how we are doing relative to our competitors. Much as I admire the right hon. Gentleman, and much as I am grateful to him for embarking on a course of reform which, sadly, was thwarted subsequently, I have to acknowledge, as does he, that the statistics produced by the OECD are ungainsayable. I would love to be able to celebrate a greater level of achievement, but I am afraid that this is the dreadful inheritance that our children face as a result of the Government whom he latterly supported from the Back Benches.

Mr Redwood: The Secretary of State is making a powerful case. If a free school gets a grant to buy land and buildings from a council or other public sector body, will that be classed as a windfall receipt for that council or will there be some adjustment to its capital regime so that it is not a winner from it and we control public spending? That is a live issue, and I would like to know what the position is.

Michael Gove: I appreciate that it is a live issue. One of the striking things about how the free schools programme is proceeding is that we are discovering that in some cases local authorities are happy to buy the sites themselves, as was the case in Wandsworth, and in other cases they are happy to lease them for a peppercorn rent. In specific situations where a site is purchased from a local authority, of course we will seek to ensure that the best deal possible is secured for the taxpayer and for the school and the pupils who will be attending it.

Mr Andy Slaughter (Hammersmith) (Lab): As the Secretary of State always has the figures at his fingertips, can he say how much the Department for Education is giving to West London free school to purchase the Palingswick House site in Hammersmith? The school was going to get a capital receipt of £8 million to develop the site for residential accommodation after it had evicted local charities from it. How much is the DFE going to pay for the site via West London free school?

Michael Gove: The full details will be disclosed when the funding agreement is signed, but I can reassure the hon. Gentleman that the amount that the DFE is investing in this four-form entry school will be significantly less than the £35 million that had to be invested under the previous Government to secure a school of a similar size. I hope that he will join me in welcoming the fact that there will be at least three free schools in his constituency helping to provide superb education for the children whom he has represented so passionately over the years.

We must all recognise that the reforms that we are talking about, including the creation of new free schools, are the sorts of reforms that we are seeing across the developed world. Ministers such as Arne Duncan and John Key in New Zealand and Julia Gillard in Australia, and countries such as Sweden, Singapore, Finland, Hong Kong, Alberta and South Korea all recognise the need to reform their education systems, and we cannot afford to be left behind. That is why this Bill includes measures to allow us to invest in the early years, improve discipline, remove bureaucracy, and raise standards for all children, with new powers to intervene directly to tackle failure. Above all, it generates more good school places for all children, especially the very poorest.

There is a key test for Labour Members tonight: will they vote against these measures? Will they vote against improvements in discipline? Will they vote against reductions in bureaucracy? Will they vote against powers to intervene early when schools are failing? Will they vote against

additional cash for disadvantaged two-year-olds? Will they prove themselves to be old Labour populists or new Labour modernisers?

Helen Jones (Warrington North) (Lab) *rose—*

Michael Gove: I will be very interested to hear the hon. Lady's view.

Helen Jones: I would be grateful if the Secretary of State could tell the House why he believes that having unqualified teachers can raise educational standards. Why does he think that teaching is different from any other profession in that people who are totally untrained and unqualified should be allowed into it? He would not do it for a doctor or an engineer—why is teaching different?

Michael Gove: As I am sure that the hon. Lady knows, one does not need any training or qualification to be a Member of Parliament—or, indeed, a Labour Government Minister. Mind you, looking at the record of those who have occupied that position, I am prompted to ask a variety of questions. I should point out, of course, that many of the highest performing schools in this country—in fact, some of the highest performing schools in the world—are the fee-paying independent schools, which have earned this country so much foreign currency and have ensured that we continue to have beacons of educational excellence in the fee-paying and state sectors alike. Such schools draw in and welcome a wide variety of highly trained individuals, some of whom do not have qualified teacher status. It is important that we continue to innovate and to learn from the fee-paying independent sector. We must also continue, as we are doing, to invest in high-quality training for all teachers. That is why we are reforming initial teacher training, investing in Teach First, and setting up a new generation of training schools for teachers to develop the best practice from higher education institutions and elsewhere.

Andrew Percy (Brigg and Goole) (Con): I had to come in after the last interesting intervention. Is it not the case that more young people than ever are now taught by unqualified staff, precisely because of the changes rightly brought about by the previous Government, including giving higher-level teaching assistants far more ability in the classroom and bringing instructors into schools to fill gaps caused by staffing problems? The issue of unqualified staff coming into our schools is not new.

Michael Gove: My hon. Friend, as a former teacher, always adds to our debates with his experience and authority. He is right that some of the work force changes made by the previous Government mean that a number of children are taught by cover supervisors or teaching assistants. We all want to ensure that everyone who is teaching and who is in the classroom is trained to the highest possible level.

Kate Hoey (Vauxhall) (Lab): Does the Secretary of State agree that one problem, if we are honest, is that for too long many of us have accepted bad teachers? To get rid of a teacher has been almost unthinkable. The question is not really about unqualified teachers, but about teachers who are not doing the job of raising standards properly.

Michael Gove: As so often, the hon. Lady is absolutely right. One problem in the education system is that we need to make it easier for good heads to tackle underperformance by encouraging staff to do the professional development that they need to improve. If they do not improve, they should move on. No one benefits when poor teachers are in the classroom. It not only places an additional burden on hard-working and talented staff, but denies children the chance that they need.

Mr Graham Stuart (Beverley and Holderness) (Con): Will the Secretary of State give way?

Michael Gove: I am delighted to give way to the Select Committee Chairman.

Mr Stuart: The Secretary of State plans to keep a register of teachers who are barred from teaching. Will he confirm that schools will be able to refer someone who is sacked for gross misconduct to the Secretary of State to be put on the register, but not someone who is fired for incompetence? If that is the case, will he explain the reasoning behind it?

Michael Gove: I am delighted to confirm that. We want to ensure that people who are barred for gross misconduct are kept on a central list, which is updated continually. As my hon. Friend and I know, the General Teaching Council, which was responsible for dismissing and barring incompetent teachers, succeeded in barring only 14 teachers over the 10 years that it was in existence. We need to ensure that at school level, head teachers have the power to dismiss those whom they consider to be inappropriate. We must ensure that head teachers who are doing a fantastic job and are generating improved results have freedom and flexibility over the staff that are required to carry on doing that great work.

Mr Stuart: I agree with the Secretary of State that the previous system was not working effectively. However, that is no reason to believe that we should not have a system that ensures that an incompetent teacher who is removed and sacked—we know how difficult that is, as the hon. Member for Vauxhall (Kate Hoey) just said—does not reappear in another school. That will happen if the Secretary of State does not put that person's name on a register. I ask him to reconsider this issue.

Michael Gove: I am grateful to my hon. Friend for making that point, and we will have an opportunity to consider it in Committee. The phenomenon that he refers to is known in the United States as "the dance of the lemons", whereby teachers who are not up to the job are removed from it and reappear in another educational setting. We have explored with a variety of professional bodies the best way of ensuring that that cannot happen. There is no consensus that a central list of the kind he mentions is the answer. I am happy to discuss with him, in Committee and elsewhere, how we can ensure that teachers who are not effective do not continue in the classroom.

[Michael Gove]

I mentioned that there are six principal areas in the Bill. The first is investment in the early years. It is critical that Opposition Members appreciate that if they vote against the Bill tonight, they will be voting against additional funding to guarantee 15 hours of learning for all disadvantaged two-year-olds. Under Labour, 20,000 of the poorest two-year-olds would have received 15 hours of free learning. Now, under the coalition Government's proposals, 120,000 two-year-olds will be able to have the best possible free learning. Because of that investment, we will be able to ensure that those children are school-ready when they arrive at primary school. We can ensure that when we have in place the literacy check at the end of year 1 that we intend to impose, those children will have a grasp of the basic skills required to make the most of their time at primary school.

Bill Esterson: The Secretary of State makes a very important point about children being school-ready. That need has been expressed to me by children's centre staff and the parents who use those centres, and he will know of the concern that I have previously expressed about the review of children's centres in Sefton. Will he comment on the good practice that already exists in Sure Start children's centres and in early-years provision generally, and on the importance of protecting good practice there and elsewhere rather than throwing out the baby with the bathwater?

Michael Gove: I think throwing out the baby with the bathwater would be very poor practice in any Sure Start children's centre or any other early years setting.

I agree with the hon. Gentleman that Sure Start children's centres can do a fantastic job, which is one reason why we are providing additional support, why the Department of Health is investing in additional health visitors and why the early intervention grant will ensure that there is sufficient money for local authorities to continue to discharge their statutory responsibility.

Mr Slaughter *rose—*

Glenda Jackson (Hampstead and Kilburn) (Lab) *rose—*

Michael Gove: I will be happy to give way in due course, but I want to make a little progress. It is important that I move on to one of the central parts of the Bill, on which I am genuinely worried that the Labour party may be about to put itself on the wrong side of the argument.

If Labour Members vote against the Bill tonight, they will also be voting against the measures that teachers and teaching unions want in order to ensure that teachers are safe in the classroom. We know that the biggest reason why professionals leave teaching, and the biggest barrier to talented graduates entering teaching, is the quality of behaviour and discipline in our classrooms. We know that every day, there are 1,000 exclusions for abuse and assault and that last year, 44 staff were assaulted so severely that they had to be taken to hospital as a result of violence in our schools. We know that two thirds of teachers surveyed say that poor behaviour is driving people out of the classroom.

I believe that the time is now right for the House to send an unambiguous signal to the professionals who work so hard on our behalf in the nation's classrooms that we back them, and that we will give them the tools they need to keep order. We will ensure that they have the power to search students for items that may cause violence or disorder in the classroom. We believe that it should be easier for teachers to detain pupils who are guilty of disruptive behaviour, and that the authority of head teachers should not be undermined by exclusion decisions being overturned, allowing excluded pupils, many of whom might have been guilty of violent offences, to march back into the classroom. We also believe that teachers deserve the right to enjoy anonymity up until the moment when they are charged with any offence that occurs in school. We believe that those four basic protections are no less than our professionals deserve.

Kevin Brennan (Cardiff West) (Lab) *rose—*

Michael Gove: I would be very interested to know whether the hon. Gentleman agrees, or whether he intends to vote against those protections.

Kevin Brennan: I believe that the Secretary of State will find that there is a good deal of consensus about behaviour issues in Committee. I understand why he wants to portray a vote against the Bill on Second Reading as a vote against every part of it—that is a politically convenient thing to do. If that is his position, however, surely a vote in favour of the Bill is a vote in favour of every part of it. Is he therefore saying to his Liberal Democrat colleagues that if they vote in favour of the Bill on Second Reading, even if they voted against the changes to tuition fees in the autumn, they now support the tuition fee changes and the interest rate increase contained in the Bill?

Michael Gove: I am grateful to the hon. Gentleman for his point and for his personal support on discipline. I know that when he was a Minister in the Department for Children, Schools and Families, he did good work in that area. However, I have to let him know that if he votes against the Bill on Second Reading, he will be voting against the measures that I have described. If he believes that those measures are worth while but has problems with other aspects of the Bill, he is perfectly at liberty to seek to amend parts of it in Committee. We are very fortunate that we will have in Committee, in the person of the Minister of State, my hon. Friend the Member for Bognor Regis and Littlehampton (Mr Gibb), one of the most reasonable Members of the House. As I said earlier, we will be happy to work in a consensual fashion when the hon. Gentleman or other hon. Members make cases to improve the Bill. I am sure that the Bill can be improved, but it should not be opposed or thwarted for narrow political reasons by politicians who are not prepared to stand with our professionals and say, "You're doing a fantastic job and you should be defended. Discipline and behaviour are the foundation stones of good learning, and we will ensure that you are backed with one voice by a committed House."

Glenda Jackson: Has the fact that the Secretary of State stood at the Opposition Dispatch Box and argued that we need unqualified teachers in our classrooms passed from his memory? That did not seem to be a message of endorsement for our teachers.

Not only in my constituency, which is served by two boroughs, but throughout the country, Sure Start and children's centres will close, and there is no protection for them. They are important because they prepare children for primary school, but the situation is further exacerbated by the fact that nothing in the Bill will create more of the desperately needed primary school places in both boroughs in my constituency.

Michael Gove: The hon. Lady is passionate, and I do not doubt her commitment—

Glenda Jackson: Don't patronise me—just answer the question!

Michael Gove: The hon. Lady has won an Oscar for being successfully patronising to others. It is a pleasure to be patronised by the Virgin Queen—I feel rather like the French ambassador. I hope this requires no translation: the Bill includes provision for improved primary education and for extra investment in the early years, which is why I hope she will put aside the histrionics and give us her support.

Simon Hughes (Bermondsey and Old Southwark) (LD): As the Secretary of State knows from the conversations that he has had with colleagues and with me, we do not believe, as I assume he does not believe, that the Bill is perfect. However, we are absolutely ready to work collaboratively to get the best Bill on the statute book. That is how I understand we do legislation. I hope he confirms that that is how he intends to do this piece of legislation too.

Michael Gove: The right hon. Gentleman is typically astute. The Bill is the best that I can make it. I am sure that it is not perfect—we have a Committee stage so that the right hon. Gentleman and others can propose amendments, which I hope happens in a suitably constructive spirit. However, we cannot move to that stage and ensure that we have proper legislation, and we cannot protect teachers from indiscipline and poor behaviour or invest in the early years, unless the Bill receives the support of the House tonight. That is the challenge for Opposition Members.

Julie Hilling (Bolton West) (Lab) *rose—*

Michael Gove: I shall try to make a little progress.

There is a related challenge. Do hon. Members want to remove bureaucracy? Do we want to lift the burden of duties that our teachers and head teachers currently have to shoulder? Do we want to ensure that a number of non-departmental public bodies—quangos, in plain phrases—are allowed to continue to exist and to drain resources from the front line, or do we want to see every penny that the taxpayer gives to the Exchequer for their children's education sent into the classroom? Do we want to keep the Training and Development Agency for Schools, the General Teaching Council, the School Support Staff Negotiating Body, the Qualifications and Curriculum Development Agency, Becta and the Children's Workforce Development Council in their current forms, or do we want the money that is spent on them spent on our teachers?

Let us take the QCDA—just one of those organisations—which has 393 employees. Can any Member of the House tell me how many of those work in the QCDA communications department? *[Interruption.]* There are a variety of guesses, but not even the former Secretary of State, the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett), can tell me. The answer is 76 of the 393. How can it possibly be an effective use of public money to have 76 people involved in communications at a curriculum quango, when that quango has been responsible for a secondary curriculum that mentions not a single figure in world history apart from William Wilberforce and Olaudah Equiano? How can it be right that we have spent money—so much money—on that curriculum authority, when its geography curriculum mentions not a single country other than the UK, and not a single river, ocean, mountain or city, but finds time to mention the European Union? How can it be right that we can find money to employ 76 people in communications—76 spin doctors—when our music curriculum does not mention a single composer, a single musician, a single conductor or a single piece of music? How can any hon. Member justify this unreformed status quo? The Bill gives every Member the chance to vote not just for money going into the classroom but for a reformed, 21st-century curriculum.

We will also remove bureaucracy by tackling Ofsted. I am delighted to inform the House that Ofsted has a new chair, Baroness Morgan of Huyton—formerly Sally Morgan and political secretary to Tony Blair when he was Prime Minister. I am delighted that someone who has direct experience as a teacher and in government at the highest level is helping Her Majesty's Government in their work of improving educational standards. She joins Ofsted at a crucial moment—at a time when we are refocusing its inspection on what really counts. We are getting rid of the tick-box mentality, which has meant that far too much time has been taken up by pointless bureaucracy and political correctness. Instead, we are telling Ofsted to concentrate on four areas: the quality of behaviour and discipline in our schools; the quality of leadership, because nothing matters more than having great leaders; the quality of teaching, because every moment in the classroom is precious; and the quality of attainment and achievement, including the progression of the poorest pupils. This relentless focus on what counts and this stripping away of bureaucracy are at the heart of the Bill, and I hope that these measures will commend themselves to every Member.

Lisa Nandy (Wigan) (Lab): I was glad to hear the Secretary of State mention pupils. We have heard a great deal about teachers, which is welcome, but we have heard very little so far about children. I would like to ask him about one particular group of children who will be devastated by the behaviour proposals that he is seeking to introduce, and that is young carers, who often do not tell anybody that they have caring responsibilities because they are ashamed of it and wish to be seen as normal. I worked with many young carers for several years, and I have consistently asked for safeguards in the legislation to ensure that those children will not suffer undue prejudice because of the no-notice detentions that have been brought in, but I have been unable to get any answers from his team. Will he assure me that he will find a way to protect this group of children, and will he tell us today what it is?

Michael Gove: Absolutely. The hon. Lady has championed children with caring responsibilities in her role working for the Children's Society and now in the House, and I take her point on board. However, the power that we are giving to teachers is a discretionary one—we trust professionals. There is a distinction between the position of some Labour Members and Government Members. We do not believe that teachers are whimsical, capricious or wilful in the exercise of their powers. We believe that teachers should be supported and backed at every point, but we also believe that it is necessary, when we recognise that there are children exercising caring responsibilities, to make appropriate provision for them. That is what we will ensure and properly fund every school to do.

Mr Edward Timpson (Crewe and Nantwich) (Con): May I take the Secretary of State back to his remarks about the refocusing of Ofsted? I welcome the fact that it will be more about what is happening in the classrooms than in the filing cabinet in a school, but may I ask him specifically how looked-after children will be monitored through the inspection process to ensure that their progression through school is being closely watched to ensure that their outcomes are as good as possible?

Michael Gove: My hon. Friend makes a very good point. We all know that in his work as a children's lawyer before he entered the House he was a very effective advocate for the interests of looked-after children. We will ensure that the system of virtual heads is built on and that looked-after children, whatever their circumstances, are in receipt of the pupil premium. We are consulting on which performance measures we should use to ensure that looked-after children, children eligible for free school meals and other children whose prior attainment was poor are captured, so that every school has an incentive to ensure that those children are educated at least as well as other children, and that the attainment gap between those children and others, which grew under the previous Government, is at last closed.

There will be a relentless focus on standards, not just to help children with caring responsibilities or looked-after children, who might perhaps have received less than their due in the past, but to ensure that our education system can stand comparison with the best in the world. That is why the Bill contains explicit provisions to ensure that schools will take part in international studies, such as the programme for international student assessment, the progress in international reading literacy study and the trends in international mathematics and science study. It will also ensure that Ofqual, the exams watchdog, is explicitly tasked with ensuring that our qualifications and examinations can compare with the world's best.

It is long overdue that we should do that, because it is a sad fact that our curriculum is not keeping pace with changes that are occurring in other, educationally high-performing nations. In the primary curriculum for mathematics in Hong Kong, students are expected to be able to master calculations with fractions and the solution of equations, and to know about the properties of cones, pyramids and spheres, but not in England. In Singapore, students studying science at primary school are expected to have a basic understanding of cells as the basic unit of life. They are also expected to know about the importance of the water cycle and the earth's position relative to the sun as a factor in its ability to support life. However, those core curriculum details are not in the curriculum in this country.

Let us look at other nations. The principle of adding and subtracting fractions is in the core curriculum in Armenia, Colombia, El Salvador and Yemen, but not England. Comparing and matching different representations of the same data is in the curriculum in Lithuania, Ukraine and Tunisia, but not England, while finding a rule for the relationship between pairs of numbers is in the curriculum of Hungary and Slovenia, but not here. We cannot possibly expect our children to compete in the 21st century unless our curriculum equips them with the knowledge and skills that our competitors are giving their children.

Jesse Norman (Hereford and South Herefordshire) (Con): I welcome many aspects of the Bill and would like to draw my right hon. Friend's attention to the situation of sixth-form colleges, which offer an excellent and inexpensive education. In particular, Hereford sixth-form college, which he may know from personal acquaintance, fulfils many of the requirements that he would want in any curriculum, yet it is currently caught by a combination of a cut in the Young People's Learning Agency, the abolition of the education maintenance allowance, which especially affects rural areas, and the rise in VAT. Will he perhaps take a second glance at that unfortunate combination?

Michael Gove: I am grateful to my hon. Friend for mentioning Hereford sixth-form college, which I have had the opportunity to visit; indeed, I enjoyed dining there with him and others. We are committed to ensuring that we increase funding for 16 to 19-year-olds who are studying in sixth-form colleges such as Hereford sixth-form college. We will also specifically increase the proportion of funding going to the most disadvantaged, who I know are a particular care for my hon. Friend.

Andrew Percy: Let me take the Secretary of State back to the curriculum. I welcome the changes that he has announced. Important as it is for our young people to understand how to do quadratic equations and all the rest, it is also incredibly important that they should learn functional skills through the curriculum. I would therefore like to make a plea for financial education for young people, which could play a particularly important role in the mathematics curriculum, in functional maths. Although we obviously want our young people to learn all the important skills in the various subject areas, they must also learn something functional that they can put to use later in life.

Michael Gove: My hon. Friend makes an impeccable point. One of the problems with the mathematics curriculum is that it lacks many of the skills—and much of the knowledge—that are being taught in other countries, equipping the young people there with the ability to take advantage of the opportunities of the 21st century. The point that he makes could not be better made.

It is also the case that, as well as our curriculum not being fit for the 21st century, many of our schools are not fit for the 21st century either. It is a sad reflection of the last Government that there are still so many schools that are below acceptable standards. The Bill will therefore

give the Department for Education the power to intervene where there is failure. I hope that all hon. Members will agree that where children are trapped in an underperforming school, there should be the opportunity to ensure that the leadership and the investment are in place so that those children have the same opportunities in life as those who were fortunate enough to be born in areas where the schools are stronger.

Patrick Mercer (Newark) (Con): Will the Secretary of State give way?

Michael Gove: In just a second.

We are raising the bar on floor standards; we are showing less tolerance of failure than has ever been shown before; and, where a school is failing, we are taking powers to intervene to ensure that when an academy solution is right, when the local authority can find a superior head teacher and when that school deserves to be federated, then whatever action is required will be taken. I hope that all hon. Members, in every part of the House, will join me in saying that there can be no excuse for failure. The culture that so often prevailed in the past which says, "These children come from such and such a background, or these children have such and such parents, so we cannot expect more of them," should be consigned to the past, where it belongs. We must ensure that in every part of the country, children have a right to high-quality education. We must also ensure that the absurd bias of the past, which suggested that just because children have working-class parents or come from immigrant backgrounds, they cannot access an academic curriculum, is ditched too.

For anyone who doubts that that is possible, I would ask them to visit some of the superb schools out there, such as Mossbourne in Hackney or Durand in Lambeth, the latter in the constituency of the hon. Member for Vauxhall (Kate Hoey). One of the things that they will find at Durand, for example, is that it has a higher proportion of children who are eligible for free school meals than the Lambeth average, and a higher proportion of children on the special educational needs register, yet every child attains at least level 4, and many get level 5, at key stage 2. In other words, they are performing well above the national average.

Mossbourne community academy is outside local authority control, and it has an inspirational head teacher, Sir Michael Wilshaw. This year, 10 of its children are going to Cambridge. What are their backgrounds? They are from one of the poorest boroughs in London—

Kevin Brennan: They did not do the English baccalaureate.

Michael Gove: They certainly did! The hon. Gentleman should listen, because he fails to appreciate that schools such as Mossbourne academy have head teachers who recognise that every child deserves an academic education. He can sneer if he likes, but if those 10 children had been in a school where he was the head teacher, they would not have had the opportunity to go to Cambridge. He would have said to them, "I'm terribly sorry, but it's not for the likes of you." He would have said of their studying academic subjects, "I'm terribly sorry, you're not good enough." It is that culture of "know your place", of enforced mediocrity and of denying opportunity and aspiration that the Bill directly challenges.

The reason that there is so much discomfort among those on the Labour Front Bench is that they have been rumbled. They pose as meritocrats, but in fact, whenever an educational change comes about that tells people from disadvantaged backgrounds that they can achieve far more than they ever imagined, they say, "Oh no, we don't want that. We don't like it. It's inappropriate." For that reason, the unrepentant and unreformed socialists who form an increasing part of the representation on the Labour Benches object. It will be interesting to see whether every Labour Member votes against the Bill tonight, or whether some are sufficiently enlightened and reformist to see merit in the proposals and in aspiration, and to join us in supporting it.

Stephen Pound (Ealing North) (Lab): Will the Secretary of State give way?

Michael Gove: I am happy to give way to the hon. Gentleman, whom I would never accuse of being unrepentant or unreformed.

Stephen Pound: I am really not too sure how to take that, particularly as the right hon. Gentleman is now taking provocation to previously unimagined heights. He is rocketing down that pathway at breakneck speed, but I hope he will forgive me for taking him back to the point made by the hon. Member for Brigg and Goole (Andrew Percy). Does he agree that religious education is an absolutely core part of the curriculum? When he comes to consider, say, an English baccalaureate, will he recognise the significance, importance and vital nature of religious education as the core of the curriculum in our schools?

Michael Gove: The hon. Gentleman's own saintly behaviour while he has been in the House of Commons is an advertisement not only for religious education but for the religious education offered by the Roman Catholic Church, of which he is such a distinguished ornament—*[Laughter.]* He is certainly venerable, and he might be blessed and, one day, perhaps, saintly, but at the moment we will settle for ornamental. He is both ornament and use. He is formidably well informed; I know from our previous exchanges in Committee that he knows every single member of the Aberdeen team that won the European cup winners cup in Gothenburg in 1982—*[Interruption.]* My dad was there, as a matter of fact. *[Interruption.]* I am grateful. We Aberdeen fans need all the support we can get at times like this. I was going to say to the hon. Gentleman that he is misinformed on this particular point, because religious education is in the curriculum. It is a compulsory subject. Moreover, the English baccalaureate is not a compulsory measure; it is simply a performance measure that will allow us to see how many students have access to five core academic subjects. The sad fact is that only 16% of students succeeded in securing the mix of subjects that make the English baccalaureate, when every other developed country demands that its students have that suite of qualifications at 15, 16 or 17. This is another example of our falling behind.

The case for reform, as I have mentioned, is one that many Labour Members might be tempted to support. One reason they may be tempted to support it is that they will see that progressive figures from across the world are moving in the same direction as this Government.

[Michael Gove]

Just two weeks ago, we were privileged to have visiting the UK Mike Feinberg, the founder of the Knowledge is Power Program set of schools.

Mike Feinberg used to be an intern for Senator Paul Simon, Barack Obama's predecessor as Senator for Illinois. Mike Feinberg, a career Democrat, was here to support our free school programme. He was joined by Joel Klein, a former Assistant Attorney-General in the Clinton Administration, and was also here to support our free school programme. They followed Arne Duncan, Barack Obama's Education Secretary, who also came here to back our free school programme. Our free school programme has also been backed by Conor Ryan, an adviser to the right hon. Member for Sheffield, Brightside and Hillsborough and to the former Prime Minister. He described the Labour party's opposition to our proposals as "ridiculous".

Conor Ryan is not a lone voice. He has been joined by Andrew Adonis, who described 400 academies as "a phenomenal achievement". He said:

"Neither I nor Tony Blair believed that academies should be restricted to areas with failing schools. We wanted all schools to be eligible for academy status, and we were enthusiastic about the idea of entirely new schools being established on the academy model, as in Michael Gove's Free Schools policy."

It is not just a matter of what Conor Ryan and Andrew Adonis said, as I shall cite what Tony Blair himself said:

"In many areas of... policy, the Tories will be at their best when they are allowed to get on with it—as with reforms in education".

I have a question for every Opposition Member: are they going to listen to the reformist Prime Minister who secured them three election victories, or are they going to go back to the atavistic class warrior instincts that will lead them to oppose this Bill? Tony Blair in his memoirs also pointed out that when a reformist Government are in power, it is very easy for an Opposition to oppose. He went on to say that when there are reforms like ours, the Opposition should support them, but he pointed out that Oppositions tend to get

"dragged almost unconsciously, almost unwillingly into wholesale opposition. It's where the short-term market in votes is. It is where the party feels most comfortable. It's what gets the biggest cheer. The trouble is it also chains the Opposition to positions that in the longer term look irresponsible, short-sighted, just plain wrong."

That is Tony Blair's verdict on the opposition of the current official Opposition Front-Bench team to this Bill—"irresponsible, short-sighted" and "just plain wrong".

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I cannot remember how many years the Secretary of State has been a Member of this House, but I would like to know how many times he voted for one of Tony Blair's Education Bills on Second Reading, which is what he is asking us to do tonight?

Michael Gove: One of my first acts was enthusiastically to support Tony Blair's Education Bill on Second Reading. In fact, when I was a journalist, I was always happy to support Tony Blair—rather more conspicuously than some Labour Members, including the shadow Chancellor and indeed the current Leader of the Opposition, did—and I am happy to say that our Bill, as Fiona Millar points out in *The Guardian* today, is in many respects one that builds on what Tony Blair wanted to do in 2005, but was thwarted by reactionaries on the Labour Benches.

That brings me to the heart of the challenge for the Opposition tonight. Will they be on the side of reform, consensus and progress in favour of a 21st-century curriculum and a 21st-century school system, or will they vote against that and put themselves in a Division Lobby thus saying no to money for early intervention, no to support for students at primary school, no to turning around our weaker schools, no to getting rid of bureaucracy and no to more good school places.

Several hon. Members *rose—*

Michael Gove: I shall not give way again.

This Bill provides an historic opportunity for this country. It will help to guarantee every child a high quality education, which will equip them for the technological, economic, social and cultural challenges of the next century. Throughout history, the opportunities we give to our young people have far too often been a matter of time and chance. Accidents of birth or geography have determined children's fate, but education can change all that. Education allows each of us to become the author of our own life story. Instead of going down a path determined for us by external constraints, it allows each of us to shape our lives and the communities around us for the better. What this Bill offers is a chance for every Member to shape our education system for the better, to give every child a greater level of opportunity and to transform their futures. That is why I so enthusiastically commend it to the House.

4.54 pm

Andy Burnham (Leigh) (Lab): It is only weeks since the Government asked the House to pass an education Act using procedures normally reserved for counter-terrorism legislation. Today the Secretary of State is back with an even more audacious request. He is asking Members of the House of Commons to give him more than 50 new powers, and near-total control over almost every aspect of our school system in England. He wants the power to seize land, to close schools, to overrule councils on budgets, to ban teachers from working, to define early-years provision, and to rewrite the curriculum without reference to parents or the public.

The Secretary of State has been known to claim—and he did so again today—that he is continuing Labour's reforms. Labour Members empowered parents with guarantees, but the Bill does precisely the opposite. It constitutes an unprecedented power grab from pupils, parents, professionals and the public, leaving them without essential safeguards in a free-for-all. As we have heard, the Secretary of State wants to tell children what subjects and facts they must learn, and what kind of schools they must go to. Student and parent choice is being restricted.

During the passage of the Bill, the House will have to reflect very carefully on whether it can ever be healthy for so much power over something as precious as our children's education to be vested in one person. Given the Secretary of State's record in office to date, would it not be downright reckless to give him a free hand in such crucial issues? Local authorities will be stripped of their long-standing role of looking after all children in their areas, balancing the wishes of one group against those of another and thereby ensuring that service is shaped by need and not by the loudest voices.

Where does this leave Government promises of localism? I look to the Liberal Democrat Benches. Where does it leave those promises? Absolutely nowhere. By preaching freedom and autonomy—as he so frequently does—only to come up with a highly prescriptive reform of the curriculum, the Secretary of State places himself in serious danger of collapsing under the weight of his own contradictions.

As with the Government's national health service reforms, the fabric of public services is being ripped up. Power is being taken from people and handed back to the system. The result is a huge void in public accountability at local level. Liberal Democrat councillors can see that; why cannot Members of Parliament see it as well? The Bill reveals an unhealthy obsession with structures, and the mistaken view that structural reform automatically leads to higher standards. It does not. The Bill has little to say about what really matters to parents: high standards in the basics, a rich and balanced curriculum, and quality teaching in every classroom.

There are elements of the Bill that we support, such as the proposals relating to early-years provision and discipline, and I shall say something about those later. However, what we are witnessing from this Secretary of State—and, indeed, from the Secretary of State for Health—is an unseemly rush to reform in which the normal processes of government are simply ditched. There will be no pilots, no evidence and no consultation. No time will be taken to listen to parents and children, consult teachers, and build the broad consensus in the country that should properly underpin any education reform. We will oppose the Bill tonight because it represents too big a gamble with the life chances of our children, and because—as I shall now set out in terms—it takes power from pupils, parents, professionals and the public, leaving them with fewer protections in a less publicly accountable education system.

Let me explain first how the Bill takes power from pupils. It restricts student choice and takes away guarantees at a time when youth unemployment is at a record high. It strips yet more support from young people, adding to the growing risk of a lost generation. This is national apprenticeships week. Debating the abolition of a guarantee of an apprenticeship for all suitably qualified 16 to 19-year-olds seems to me an odd way in which to mark it. It cements the impression that this Secretary of State gives very little thought indeed to the hopes and life chances of the 50% of young people who are unlikely to go to university. That is further strengthened by clause 29, which lifts the requirement on local authorities to ensure young people have access to studying for the diploma. Both the Association of Colleges and the Association of School and College Leaders have expressed concerns that that sends the

"wrong message about the future of vocational education."

[Interruption.] The Minister for Further Education, Skills and Lifelong Learning shakes his head, but that is what they say. Does it not also send the wrong message about student choice in this day and age that young people might not be able to choose the courses that will give them the skills they need?

Mr Graham Stuart: May I gently request that the right hon. Gentleman does not take this line on apprenticeships? I served on the Apprenticeships, Skills, Children and Learning Bill Committee. One criticism was that the Bill gave a statutory right to an apprenticeship when one needs a job to get one. The right hon. Gentleman can correct me if I am wrong, but my understanding is that the current Bill simply recognises that reality, but does not alter the right of a young person who secures a job that needs apprenticeship funding to get that funding from Government. I therefore do not think the right hon. Gentleman is taking the right line on this very important issue.

Andy Burnham: I hear what the Chair of the Select Committee on Education says, but this guarantee was important because it was about bringing forward offers of apprenticeships, particularly from the public sector, so that there are sufficient opportunities for young people who decide that university is not for them. I put it to the hon. Gentleman that we in Parliament have neglected debating the opportunities for those 50% of young people who do not plan to go to university. We owe it to them to do more by debating the quality of the opportunities that we are going to give them so that they can have a foothold in the future and hope of a better life. We endlessly debate higher education, and that is very important, but is it not about time that we gave more thought to young people who want to get a good skill so that they can get on in life? The hon. Gentleman's Secretary of State has absolutely nothing to say to them.

Robert Halfon (Harlow) (Con): The right hon. Gentleman is ignoring the 75,000 extra apprenticeships this Government are creating, and the support for university technical colleges, which will provide vocational education to 14 to 19-year-olds, and which are being rolled out throughout the country.

Andy Burnham: I have two points to make in response to that. The Secretary of State is very fond of talking about the Mossbourne academy and quoting its head, Sir Michael Wilshaw, and rightly so as it is an amazing success story, but Sir Michael has pleaded with the Government to give him a

"technical and craft-based curriculum option"

in the curriculum review. The English baccalaureate has nothing to say to heads such as Sir Michael Wilshaw, and the Secretary of State needs to start listening to those views.

The Secretary of State also referred to Hong Kong today. Let me quote what the Under-Secretary for Education of Hong Kong said last week when he was asked about what makes his system so successful. He said the success was down to a curriculum that emphasises 21st century skills, not 1950s languages and not an approach to language study that fails to reflect the modern day. He also said that the success was not about

"asking students to memorise a whole set of facts and be able to regurgitate them in a test."

The Secretary of State is fond of quoting international examples only to drop them, but he had better read up on what the Hong Kong Minister has said about why his system is successful.

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I have just been pondering what language we were speaking in the 1950s that we are not speaking now, but, leaving that to one side, the right hon. Gentleman must know that this Government

[Mr John Hayes]

have placed unprecedented emphasis on skills. He must know that I have been a champion of the 50% of young people he mentions whose vocational tastes and talents deserve recognition in the education system. He must know that we published a schools strategy shortly after coming into government, and he must know that we have put enough funding in place to deliver 30,000 more apprenticeships for 16 to 18-year-olds. If he does not know that, he should.

Andy Burnham: On the Minister's first point, my mum reliably informs me that in 1950s Liverpool the mass was said in Latin, but I can tell him that it is not today. On his second point, he needs to tell the shadow schools Minister in Committee why he is removing the apprenticeships guarantee. What is the reason? If we are convinced that this can be done without restricting opportunities to young people who are not planning to go to university, perhaps we will be satisfied, but he does not fill me with encouragement.

Steve Rotheram (Liverpool, Walton) (Lab): Does my right hon. Friend agree that Governments do not create apprenticeships, they fund apprenticeships? Employers create apprenticeships and under the previous Labour Government the number of apprenticeships trebled. Does he agree that it is simply laughable that the Secretary of State is trying to position himself as the champion of the working classes, and that we should invite him to Goodison Park to meet some ordinary working people, so that he can learn from them about what these policies will do to ordinary working-class families?

Andy Burnham: My hon. Friend is right that the Government have nothing to say to young people who want to plan to get a good skill so that they can get on in life. He rightly said that employers create apprenticeships, but the Government are a huge employer. When I was Health Secretary we increased the number of apprenticeships from 1,000 to 5,000, but that was not enough in the country's biggest employer and the third biggest employer in the world. It was the existence of that guarantee that meant that public services had to work hard to increase the number of apprenticeship places they were making available. My worry is that by dropping this commitment the Government are going to throw that progress into reverse. The Government have figures for funding apprenticeships, but I am not certain that they are going to turn into a real increase in the number of apprenticeships, and the Minister for Further Education, Skills and Lifelong Learning will need to have some good answers on that point in Committee.

Mr Hayes *rose—*

Andy Burnham: I am going to make some progress now.

The Government are re-erecting the Berlin wall between academic qualifications and vocational qualifications, which sends a very poor message about student choice. At every turn, the Secretary of State is making life harder for young people who want to get good skills. Why, we might ask, is he pre-empting his own Wolf review by abandoning the diploma in this Bill?

Elizabeth Truss (South West Norfolk) (Con): Do not our leading competitors, such as Germany, Japan and France, specify study for more core academic qualifications until 16 than Britain does and is it not the case that the number of people studying academic qualifications, such as modern foreign languages, has dropped in this country?

Andy Burnham: I wonder what evidence the hon. Lady has for that statement, because those countries—I cited the Hong Kong Minister—want to give young people skills for the world as it is now, not for the 1950s. How can it make sense to send the message to young people and schools in her constituency that it is better to study a dead language than to study information and communications technology, business studies and all the other things that will help young people to make their way in the world? The Secretary of State said in his speech, "We want to encourage the Googles, the Facebooks and the Microsofts." I think I quoted him almost perfectly. Why, then, is ICT not in his English baccalaureate? How are we going to have a work force that can give a supply of trained people to those companies and encourage them to come to this country? Has he spoken to employers about his English baccalaureate?

Michael Gove *indicated assent.*

Andy Burnham: He nods, but I have severe doubts.

Charlotte Leslie (Bristol North West) (Con): Does the right hon. Gentleman recognise the massive gap between state education and private education in securing the top jobs in this country? Does he recognise that private schools offer more academic qualifications and that by not enabling state schools to offer those academic qualifications he is essentially relegating state school pupils from those top jobs?

Andy Burnham: I do not accept the hon. Lady's analysis. I went from a state school to Cambridge and my dad said to me, "It will open every door for you in life. You will just walk into any job you want." He said that because I took some persuading to go, as I was not convinced that it would be for me. My dad was wrong, because it did not open every door. It is the networks and the conversations around the dinner party table that open the doors to those top jobs. I am talking about the people who can sort out two weeks' work experience in the holiday period, because that is what gets people through. What further restricts opportunities for young people is the culture of unpaid internships, where young people are expected to come to London to work for free. That is beyond the reach of many working-class young people in this country, who simply cannot afford to work for free for three months in London. That is what ensures that the top jobs remain in the reach of a small social circle, as the BBC creatively and accurately reported last week.

Geraint Davies: My right hon. Friend may be interested to know that the chief executive of German Industry UK gave evidence to the Select Committee on Welsh Affairs on inward investment today. He commented that master plumbers in Germany have the same status as people with many degrees. Apprenticeships are crucial to driving forward the German economy, which is expanding much faster than the zero growth that we have seen under this Government. Does he agree that

that is not reflected in the Government's plans, which will result in economic slowness in comparison with our competitors?

Andy Burnham: I strongly agree with my hon. Friend. The diploma, which the previous Labour Government introduced, was an attempt to bridge the divide between academic qualifications and vocational qualifications, which should remain our aim. We should want all children not to choose one route or another, but to do academic subjects and learn practical skills that will serve them well through life. My worry about this Secretary of State is that he is further entrenching the divide between academic qualifications and vocational qualifications and sending a message to those who wish to pursue a vocational route that they are second best or somehow second class, which is a damaging step to take. As my hon. Friend the Member for Swansea West (Geraint Davies) has said, most other countries do not have such a divide, which is why I argue that this Bill takes us back to the past.

Mel Stride (Central Devon) (Con): The right hon. Gentleman and other Labour Members frequently refer to Sir Richard Lambert and his comments about our growth strategy, and they have quoted him at length. Does he agree with what Sir Richard Lambert said about education in this country and preparing young people for work in an interview in *The Guardian* in December 2009, when he said that the Labour Government's record in that respect was "shameful"?

Andy Burnham: I agree that we need to ensure that all young people have absolute rigour in the basics in English and maths.

The Secretary of State began today by discussing a string of statistics, but he did not say how the number of young people leaving school with good GCSEs in English and maths increased considerably under the previous Government, as did the number of young people leaving school with five good GCSEs. When my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett) entered office, some 50% of schools in this country had a record whereby kids were not leaving with five good GCSEs—it was total failure. When we left office, that figure had been massively reduced, which gives the lie to the Secretary of State's comments at the beginning that we "failed a generation". That was an outrageous comment, and it is not backed up by the facts.

Andrew Gwynne (Denton and Reddish) (Lab): My right hon. Friend might be interested in the words of Dr Christopher Ray writing in the January edition of *The Old Mancunian*:

> "The latest wheeze from Whitehall is the English Baccalaureate, launched with a breathtaking lack of forethought by the Secretary of State for Education... MGS stands proudly at the bottom of these surreal tables—along with such other notable academic failures as St Paul's, Eton, Winchester and King Edward's Birmingham."

Perhaps those are five cases where the Secretary of State can use his power to intervene.

Andy Burnham: As a proud Scouser, I can say that I never read *The Old Mancunian*. Indeed, I am surprised to find that I agree with something in it, but I do. I have visited schools recently and I have been struck by the anger and, in some cases, despair of head teachers. They have worked night and day with their staff to raise standards in their schools, and along has come a retrospectively applied league table, which has knocked the stuffing out of them. I think it is quite immoral to say to those schools, "You are now at zero: you have 0% five GCSEs under this measure," when they were not being judged by that measure previously. That applies to all kinds of schools, many of which might ask why the Secretary of State has chosen those five subjects on which to test them. Schools are voting with their feet and young people are choosing to do other things.

Michael Gove: Will the right hon. Gentleman tell me why it is immoral to tell parents in which subjects schools are performing well? Will he also tell me which other European countries do not ask their students to have a suite of academic subjects assessed at the age of 15, 16 or 17?

Andy Burnham: Why did I make that comment? I made it because I believe in student choice and parent choice. I believe that the same subjects will not be right for everyone and I do not believe that an arbitrary selection of subjects that seems to have come from the Secretary of State and his office should be used to judge the performance of every child and school in the country. I do not understand why ICT, religious education and business studies are not in the selection if he wants to create the work force of tomorrow, as he said earlier. Yesterday, he stood at the Dispatch Box and quoted the Henley review of music education in England that he was publishing on that day. We all received a fairly pious lecture about this issue yesterday, but let me quote from the review. Paragraph 3.6 states:

> "Music is an important academic subject in the secondary school curriculum. When its constituent parts are next reviewed, I believe that Music should be included as one of the subjects that go to make up the new English Baccalaureate."

So, experts commissioned by him are telling him that his choices are too narrow and restrictive. *[Interruption.]* Does he want to comment on that?

Michael Gove: I just wanted an answer to my question about which other European countries do not ask of their 15, 16 or 17-year-old students what level of competency they have achieved in those academic subjects. I would be very interested to know which countries the right hon. Gentleman holds up as an exemplar because they deliberately do not insist on an academic core. Can he answer that?

Andy Burnham: As I said to the Secretary of State yesterday, the programme for international student assessment research says that the systems that give the most autonomy in choice are the most successful. Is the Secretary of State saying that they all replicate his English baccalaureate? I do not think so. They have a better mix of academic and vocational qualifications. *[Interruption.]* He would not listen to the example I just gave him about an expert whom he—

Michael Gove: Will the right hon. Gentleman give way?

Andy Burnham: No I will not. *[Interruption.]*

Mr Sheerman: On a point of order, Mr Deputy Speaker. Is there any point in Back Benchers turning up to education debates? The Secretary of State spent 52 minutes at the Dispatch Box and this is the fourth intervention that he is making on my right hon. Friend's speech. What is the point of the rest of us who are interested in education and who want to participate coming here at all.

Mr Deputy Speaker (Mr Lindsay Hoyle): That is not a point of order but it is a good point that should be made to the House. I understand that both Front Benchers have a lot to say, but it does prevent Back Benchers from taking part in the debate. The sooner we can get on the better.

Andy Burnham: I have answered the Secretary of State's question—*[Interruption.]*—and have I put it to him that an expert whom he commissioned is saying to him, "Keep music as an option in the English baccalaureate," and answer there was none about what he is going to do with that recommendation. The Secretary of State has not convinced the experts and he is not even convincing his own side. *[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Mr Gove, I am sure that we can restrain ourselves for a little longer.

Andy Burnham: The Secretary of State is not even convincing his own activists. On ConservativeHome today, there was an article by Ed Watkins, a music teacher in south London and the deputy chairman of Dulwich and West Norwood Conservatives. [HON. MEMBERS: "Hear, hear."] Conservative Members cheer him, but will they still be cheering in a moment? He wrote:

"The principles lying behind the English Baccalaureate are therefore grounded in a sensible solution to a problem."—

He is halfway there with that. He continued:

"Those principles have, however, been applied in an arbitrary manner in the selection of subjects. Why History but not R.E.? Why Biblical Hebrew but not Art? Why Geography but not Music?"

It seems that rather than heckling me, the Secretary of State has a little more work to do with his own side.

Michael Gove: Will the right hon. Gentleman give way?

Andy Burnham: No, I will not.

My point—*[Interruption.]* My point, if the right hon. Gentleman will listen to it, is that children have a right to a broad and balanced curriculum, and his prescriptive English baccalaureate is taking us away from that. The body that has independently advised Ministers, which was set up by the previous Conservative Government, the Qualifications and Curriculum Development Agency, is being abolished, so what can we expect in the future? We can expect ministerial whim replacing independent expert advice. As the Education Committee pointed out last week, a mix of academic and vocational options is more likely to keep young people engaged and help reduce behaviour problems.

We welcome provisions in the Bill to ensure that every young person has access to independent careers advice, but we fear that this is yet another instance where rhetoric will fail to live up to the reality. Is not the truth that the Secretary of State's mismanagement of transition arrangements to an all-age careers service and front-loaded cuts to local authority budgets have meant that careers advice is disappearing?

Why does the Bill remove the requirement on the Secretary of State to enforce the new legal participation age of 18? Is it because, with the scrapping of EMA and the other measures that I have described, he knows that full participation until 18 will never be achieved? Alongside the clauses on higher education, no wonder ASCL talks of a Bill with

"serious implications for social mobility".

In the ways that I have described, the Bill takes power from pupils and, in the words of UNICEF,

"risks narrowing the educational agenda and limiting children's rights within schools."

Let me turn to how the Bill takes power from parents. The National Children's Bureau has called this a Bill which

"chips away at hard-won parental rights".

It removes their ability to challenge decisions about admissions and exclusions and to make local complaints. The Bill abolishes the local admissions forum. ASCL raises concerns that there

"may now be a void in policing admissions".

Admissions forums involve local parent representation, governors and heads. They exist to give parents avenues of redress and to help them get a fair deal. As with many provisions in the Bill, their abolition seems at odds with ideas of localism. With no group co-ordinating fair admissions, the NASUWT says that there are real risks of increased inequality, back-door selection and covert discrimination.

We welcome the extension of the schools adjudicator's powers in relation to academies and individual cases, but we fear that this move is undermined overall by a weakening of the adjudicator's role and his ability to change admission arrangements. ASCL has said that it is

"essential that parents have a well defined route to deal with their grievances relating to admissions",

yet the Bill repeals parents' power to complain to the local commissioner.

The Secretary of State mentioned Tony Blair and our reforms. They were all about empowering parents, just as in the health service we empowered patients with guarantees. The Bill strips away those powers from parents. That is why we do not support it.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): Does my right hon. Friend share my concern that in addition to the powers being stripped from parents by the Bill, they are also losing the right to legal aid for education cases? Parents without means finding themselves in difficult and challenging situations when fighting for their children will therefore be left without any recourse for help.

Andy Burnham: My hon. Friend makes an extremely important point. It brings me on to the subject of parents whose children have special educational needs or disabilities. Her point is particularly important in respect of such parents. Concerns have been raised about the measures in the Bill disempowering parents in relation to exclusions. The removal of the ability of

appeals panels to tell schools to reinstate a pupil who has been expelled has been described by the National Children's Bureau as

"counter to the principles of natural justice."

These changes affect the rights of every parent and the life chances of every child, but they have big implications for the most vulnerable.

Parents of children with disabilities and special needs already face a battle to get them a good education. With its changes to admissions and exclusions, which will see schools become judge and jury, the Bill stacks the odds against those children even further. Poor behaviour can arise from a failure to identify or support a child's special needs, yet in future any exclusions that might result will be much harder to challenge.

The changes must also be seen in the context of the diminishing ability of local authority to fund and co-ordinate specialist services that help children facing the biggest challenges. The Education Committee has noted that some pupils could be left

"without access to critical support".

The autism charity, TreeHouse, fears that councils will no longer be able to plan services for children with complex needs.

That brings us to a central problem with the Government's rush to reform: the Bill has been brought forward before the long-promised Green Paper on special educational needs. The National Autistic Society has stated:

"The impact of certain aspects of the Education Bill on children with SEN and disabilities... will not be known until the Green Paper has been made public."

That means that the Government are asking Members to vote on these measures without giving them either answers to the questions posed by TreeHouse or the ability to feel sure that the most vulnerable children in their constituencies will not be adversely affected. That is profoundly wrong. It is an abusive process and an affront to this House, but, much worse, it sends a clear message to the parents who are most affected that their children are an afterthought for the Government.

Michael Gove: Will the right hon. Gentleman give way?

Andy Burnham: I will give way on that important point.

Michael Gove: I note that the right hon. Gentleman has not answered my previous question about EU nations, but can he perhaps enlighten the House on—

Glenda Jackson: He is talking about children with special educational needs and you are going on about other matters. It is a disgrace—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order.

Michael Gove: Those of us who have family members with special educational needs will have found the hon. Lady's outburst objectionable. Can the right hon. Gentleman tell us how many special schools closed under the Labour Government and how many more parents were forced to buy private education for their children with special educational needs over the past 13 years?

Andy Burnham: I do not have those figures to hand, but special schools closed in my constituency and in my local authority area because we pursued a vision of inclusion within state schools. That was the right thing to do, because some of those young people are now educated alongside other children in their community, and it is human and social progress to teach those young people in that way. The question I put to the Secretary of State, which he did not answer, was this: how can he ask any Member to be sure that the Bill will not harm vulnerable children in their constituencies when we have not seen his proposals on special educational needs? What ability will anyone have to place obligations on academies or free schools to look out for their children? We do not know whether he is creating them as self-sufficient islands that can do whatever they like, so how can we be sure that children with special educational needs will not get second best from the schools system he is creating? He cannot answer that question tonight because we have not seen the Green Paper. It should have been published before the Bill was brought before the House.

Pat Glass (North West Durham) (Lab): The Secretary of State knows very well that under the Labour Government some special schools closed because they were just not good enough, but special school places were created, and there were more when we left office than when we came into office.

Andy Burnham: My hon. Friend, who knows more about these matters than anyone in the House, has put the Secretary of State straight.

I have one final comment about parents. We support the extension of free early years provision for disadvantaged two-year-olds, but we are deeply concerned that that is undermined by the Government's failure to protect Sure Start. Furthermore, giving the Secretary of State the power to define early years provision, who gets it and when they get it places question marks over the universal free entitlement for three and four-year olds. I ask him to make it clear that he does not intend to cut such provision or to introduce means-testing, particularly as fears have also been raised by the Bill's introduction of powers to charge.

Mr Slaughter: One of the Secretary of State's homilies was on equal chances, but my constituency is one of the most socially and ethnically diverse in the country, and more than half the Sure Start centres are being closed by a Conservative council. The Secretary of State and his Ministers wash their hands of that, but is it not perverse to talk about creating extra provision for two-year-olds when the provision for three and four-year-olds is being cut by 50% in seats such as mine?

Andy Burnham: The Government say that they have given councils enough money, but they have also given them a list of 20 or more things that they have to fund from the same budget as that which pays for Sure Start. How does my local authority, which is getting a cut of some £160 per head from the Government, keep all its support and provision open while other councils in other parts of the country get cuts on nothing like that scale? It is deeply unfair, and it will take away crucial services in constituencies such as my hon. Friend's and mine.

Bill Esterson: Will my right hon. Friend give way?

Andy Burnham: One final time, then I shall make some progress.

Bill Esterson: In my right hon. Friend's opening remarks, he mentioned contradictions and the ability to overrule local authorities when it comes to schools. In Sefton, the 12.9% cut in the early intervention grant means that all the children's centres are now under review, but the Secretary of State says that he wants all children's centres and the network to be maintained. My hon. Friend the Member for Hammersmith (Mr Slaughter) describes what is happening in his constituency. Does my right hon. Friend agree that, if closures go ahead, they will undermine any good measures in the Bill to boost early years provision? Does he agree also that, if the Secretary of State is prepared to intervene on schools, he should take the same approach and intervene on local authorities when it comes to protecting the network of Sure Start centres?

Andy Burnham: My hon. Friend makes a very important point. I was struck yesterday by the comments of my right hon. Friend the Member for Birkenhead (Mr Field), who feels that his report, which was commissioned by the Prime Minister, will be undermined if cuts on such a scale proceed, because the delivery system for early intervention will simply no longer be in place in constituencies throughout the country. Let us remember that this Prime Minister accused the former Prime Minister of trying to scare people about Sure Start. This Prime Minister said that he would build on Sure Start, but that is yet another broken promise.

Let me turn to how the Bill takes power from the profession. The Education Secretary says that he wants to put teachers in the driving seat, but again we see a widening gap between rhetoric and reality. There has been a 10% drop in applications for teacher training this year, which does not say much for his powers of recruitment. The drop has been blamed on his decision not to allow the Training and Development Agency for Schools to run its usual advertising and marketing campaigns to attract people to the profession. With the Bill's abolition of the TDA, teacher training places cut by 14% and most bursaries scrapped, surely we can expect to see teacher shortages in a few years' time.

The Bill restricts teachers' freedoms, undermines the status of their profession, reduces their entitlement to ongoing professional development and fails to protect the rights of support staff. Ongoing development is a hugely important issue for many teachers. The TDA provided a vehicle for identifying the training needs of the profession, and its abolition raises concerns about the future of teacher training and professional development.

The think-tank million+ says that

"the TDA avoided teacher training being the subject of political interference",

and that

"given the current ministerial view",

there is a

"real danger that teaching as a profession is being downgraded."

Those are its words; that is what million+ says.

Andrew Percy: Will the shadow Secretary of State give way?

Andy Burnham: I will not; I am making some progress.

On the abolition of the General Teaching Council for England, ASCL says that

"in this and other matters, we are concerned about the large number of additional powers being granted to the Secretary of State."

How can the right hon. Gentleman possibly be judge and jury over every case of misconduct? Surely teachers have a right to be judged by their peers, not by politicians in Whitehall. I speak as a former Health Secretary, where we had well developed, independent systems of self-regulation for the medical profession. Surely that model is the right one for teaching.

Perhaps the Secretary of State's biggest slight on the professional status of teachers is his insistence—

Michael Gove: Will the right hon. Gentleman give way?

Andy Burnham: I will not.

Perhaps the right hon. Gentleman's biggest slight on the professional status of teachers is his insistence that free schools must not be held back by the requirement to hire qualified individuals to teach. As my hon. Friend the Member for Warrington North (Helen Jones) said, it makes a mockery of his claims to value teacher training. Either he believes it is important or he does not; he does not have a convincing answer to that question.

The abolition of the School Support Staff Negotiating Body sets back efforts to improve professional standards among support staff, as well as fair pay and work force planning. Support staff are key members of the education team around the child. Unison has said that the Secretary of State is

"ignorant of the reasons for its establishment".

This impression is given further weight by the fact that the Bill overlooks support staff in introducing anonymity for professionals facing allegations from pupils. The Secretary of State asked whether we would support that measure, and we do, but we agree with the ASCL that it should be

"extended to cover teachers and support staff in colleges and support staff in schools".

The Secretary of State nods, and I hope that he will give that suggestion serious consideration.

On other provisions relating to behaviour and discipline, we are broadly supportive of a direction of travel that builds on our achievements, although we will seek reassurance in Committee that powers to search pupils are necessary and proportionate. We welcome the proposed changes to make schools find and fund alternative provision for excluded pupils, but we would like that measure to be included in the Bill.

Fourthly and finally, this Bill takes power from the public. Schools should be at the heart of local communities, but the Bill removes communities' rights—

Michael Gove: Will the right hon. Gentleman give way?

Andy Burnham: I will not.

This Bill removes communities' rights to decide what kind of school they have—the Secretary of State is offering a one-size-fits-all model: an academy or nothing—

and restricts the information available to them about their schools. It makes strategic, community-wide planning for children and young people more difficult. According to the National Children's Bureau,

"it fails to promote and indeed protect the strategic relationship that schools must have with their local community."

We know the Government's answer to this—that communities can set up their own schools. It is the same with libraries, forests and children's centres. Communities want control and involvement, but they do not want chaos and cuts to be unleashed on the services they value and then to be told, "It's okay—you're free to set up your own."

Michael Gove: Will the right hon. Gentleman give way?

Andy Burnham: No, I will not.

Communities need other, more practical avenues of redress. Free schools are approved by the Secretary of State with no requirement for groups setting them up to consult widely with the local population. There is a complete lack of transparency and accountability over funding. We know that the Government have set aside £50 million to pay for new free schools, and we know from reports yesterday that about £25 million has been pledged to just two schools. Earlier, the Secretary of State failed to answer a question from my hon. Friend the Member for Hammersmith (Mr Slaughter) about this. We know that a further 13 have been given promises of funding, but we do not know how much. Named day questions to Ministers simply go unanswered. It is not surprising that many communities believe that existing local schools are being left to fall into disrepair to allow free schools the money to be set up.

Richard Fuller (Bedford) (Con) *rose—*

Andy Burnham: I have given way to the Secretary of State about three times, so I will give somebody else a chance.

Richard Fuller: It is important that the right hon. Gentleman gets a broader perspective on his two points about free schools. In the instance of the free school that is being set up in Kempston in my constituency, there has been widespread consultation involving parents and local schools, and a debate attended by the Anti Academies Alliance. The chair of the board of the free school has said that there will be full and clear transparency, and he is head of a college of further education in my constituency that is rated outstanding by Ofsted.

Andy Burnham: My point was that that level of consultation should be required. If a free school is set up, it may be good for those immediately planning to go there, but there may be an impact on the stability of provision around it and the viability of other local schools. There is a wider debate to be had in any community.

Richard Fuller *rose—*

Andy Burnham: No, I will not give way to the hon. Gentleman again.

It is simply not acceptable that we have not had any figures. Pledges are being made; Ministers are going round the country waving cheque books at people wanting to set up their pet projects. When the Government have cancelled Building Schools for the Future, it is unacceptable that they are not prepared to answer parliamentary questions to tell us how much money has been committed to these new schools. It gives the impression that, shamefully, ideology and not need is driving the allocation of capital to schools.

We support autonomy for head teachers, but the Bill strips back the role of the local authority to an extent that even head teachers are uncomfortable with it. The ASCL has said that it is

"concerned that there may now be too few points of contact between local authorities and schools".

The removal of the duty to co-operate in the production of a children's plan and to work with children's trusts raises concerns over the safeguarding of children and young people. The Laming review highlighted the need for all agencies involved with children, including schools, to have a joined-up approach to ensure that no child slipped through the net. Every Child Matters was an effort to remedy the failure of services to work together. Unison says that the Bill

"drives a wedge between schools and other local services and negates Every Child Matters".

As I have said, the Bill takes power from the public and local communities.

Michael Gove: Will the right hon. Gentleman give way?

Andy Burnham: I will give way one last time.

Michael Gove: If the right hon. Gentleman were in power, would he rescind the academy status that has been acquired by schools and head teachers who want that new-found freedom?

Andy Burnham: That question is not for here and now. We would not close a good school that was well integrated with its local community and played its part in a local partnership to raise standards. I do not have a dogmatic position, as some of the acolytes of the Secretary of State like to say. I do not just want to close all free schools and all academies out of spite. That is not my position. If a school was not well integrated with its local community and was not playing its part to raise the standards of all children in the area, of course that would have to be looked at.

In conclusion, last year's Liberal Democrat conference passed a motion supporting the role of local authorities in education and opposing an uneven playing field between schools, where some schools get more funding than others. This centralising Bill is the polar opposite of that motion. As I have shown today, it takes powers from pupils, parents, professionals and the public and leaves a huge democratic deficit in every community. Where are the Lib Dem voices now? Why are they not howling down a Bill that strips local councils of any meaningful role? They seem silent and defeated. This is a battle for the soul of state education. I hope for the sake of young people that the Lib Dems rediscover

[Andy Burnham]

some principle and backbone, and stand up to a Bill that grants one man huge power to foist an elitist view of education on everyone.

The vision is of a 1950s curriculum in a 19th-century school system; a free-for-all where parents have no guarantees, where there is a lack of protection for the most vulnerable children, and where for every winner there is a loser. I respect the undoubted passion for education of the Secretary of State, but his is a vision for some children, not all children. In his rush to reform, he is failing to take people with him; he is losing the confidence of head teachers; he is inflicting an ideological experiment on young people, with no pilot schemes, no consultation and no evidence to support it; he is taking power away from parents; and he is gambling with the life chances of our children. Today, in the interests of a fair education system for all, I ask the House to put the brakes on him.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Before we go on, I remind Members that there is an eight-minute limit. Members do not have to take all eight minutes and if they take fewer interventions, we will get more Members in. There is a huge list and very little time.

5.43 pm

Mr Graham Stuart (Beverley and Holderness) (Con): It is a pleasure to take part in this debate. Last year, the Academies Act 2010 flew through Parliament. Today, we are debating the Government's second education Bill, which follows on from the White Paper entitled "The Importance of Teaching". Disraeli told the House 136 years ago:

> "Upon the education of the people of this country the fate of this country depends."—[*Official Report*, 15 June 1874; Vol. 219, c. 1618.]

That view was true then; today, it is even more obvious and is shared across the House.

There is a lot to support in the Bill—a lot that even the most opportunistic of Oppositions would struggle to oppose. I welcome the priority given to behaviour and discipline, the subject of the Education Committee's first report, which was published last week. Anonymity for teachers prior to criminal charge and clarity about teachers' powers will materially help, as will the more focused brief for Ofsted. The Committee urges the Government to collect appropriate data to monitor the actual, as opposed to the perceived, state of discipline in our schools. I hope that Ministers will think on that.

The emphasis on international comparison is also right. What was the point of the previous Government claiming higher standards at home if, compared with others, our relative position was collapsing? The changes to Ofqual are therefore also correct. The duty on schools to bring in specialist careers advice from outside is hugely welcome. The provision of advice is often woeful and exacerbates pre-existing disadvantage for those who do not have strong family networks. The change is a great move and needs to be extended to academies and free schools. If that cannot happen in the Bill, I should like to hear from Ministers that it will be included in the funding agreement.

Those are all good things, yet I cannot help feeling a little disappointed with the Bill. When I saw "The Importance of Teaching", I thought, "Maybe the Government have got it. Maybe they'll be obsessed with teacher quality above all else", as the research suggests we should be. Attracting, retaining and motivating the brightest and best in teaching is a matter of existential importance to this country's future, and removing the incompetent is likewise essential, so what does the Bill offer on that front? Less than I would like.

We know that Teach First, the highly selective programme to get the brightest graduates into teaching, is being doubled in size, which is extremely welcome. The entry level for teacher training is being raised to a 2:2 degree, and training will be reformed, with a big expansion of school-led initial teacher training, which the Education Committee has welcomed.

However, it seems to me that the biggest challenges are to increase the accountability of teachers and to manage variability both within and between schools. The Government have inherited a performance management system for teachers that is toothless. The so-called social partnership was a surrender to the teaching unions and the producer interest, strangling every effort to put the interests of the child brought up in poverty ahead of those of the well-paid, qualified adult who teaches them. Our professional standards, by which the performance of teachers is judged, were written as much by union leaders as by leaders in education. When will the Secretary of State rewrite the professional standards? That cannot be started too soon.

If the Government's promise of autonomy and accountability is to be delivered, we need more than a refocused Ofsted. We need action when children stop progressing in a teacher's class. We need a considered resetting of the rights of the child and the rights of the work force. Where are the provisions in the Bill to ensure that the teachers who do not help pupils to learn cease to teach?

The Government have stressed the importance of autonomy in their proposals for free schools and academies, which I broadly welcome. The best education systems in the world all give their schools and heads a lot of autonomy. However, we need to be wary of concluding that greater autonomy by itself brings higher standards. High-performing leaders tend to demand and be granted more autonomy in any organisation—it is a by-product of top performance rather than an initial driver. In business, a top manager is granted more freedom because of his success. He then uses that freedom further to improve his practice. A management consultant looking at businesses with branches would find that the best-performing branches in a variety of businesses tended to have leaders with greater autonomy from the centre. Observing that, the consultant might conclude that if only all managers had those greater freedoms, standards would necessarily rise elsewhere. I believe that that would be an erroneous judgment. Can Ministers assure me that we are not making that mistake in education?

McKinsey's excellent report, "How the world's most improved schools systems keep getting better", shows that different interventions are required at different stages of school system improvement. Ministers should reflect on its analysis and recognise that in a system as large as England's, one size does not fit all. Will they also expand on the respective roles of competition and

co-operation? How will the Government ensure that competition, which is so critical to improvements in the business sector, will not stifle the exchange of best practices that is often so important in the education sector?

I entirely understand why Ministers have proposed what they have proposed on the English baccalaureate—they want to ensure that young people are not put on Mickey Mouse courses that should be removed for their lack of rigour. However, that rightful intervention does not necessarily mean that one should assume that all courses that are not academic courses are Mickey Mouse courses that lack rigour. Surely we should ensure that we remove inappropriate courses rather than condemn them all. I am concerned that we could end up getting the mix between vocational and academic courses wrong.

Chris Goodwin is the head teacher of Beverley grammar school in my constituency, which must be one of the highest-performing state schools in the country. Despite its name, it is the oldest state school—and indeed the oldest school—on one site in the country. It is a comprehensive school for boys and it has been found to be outstanding in its last three Ofsted inspections. Chris Goodwin and his team have extreme concerns about the potential impact of the baccalaureate. He said:

"I thought the whole drive of the government is to give power to the Headteachers to enable them to make the right choices for their students. By publishing tables and rating schools in this way, you are placing me, the staff and students in a strait-jacket. We will have no choice but to comply, to the detriment of all concerned...This is ironic, as my entire Senior Team are in favour of a better constructed English Baccalaureate—just not this one."

I hope the Government remain open minded on that. I absolutely understand their desire for rigour and to make the basic right to a decent academic education an opportunity for everyone in our society, but we must ensure that vocational and other courses that schools often use are not squeezed out by the baccalaureate, thus undermining so much of the good work in many of our schools.

5.51 pm

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I worked in the child protection field for many years before entering the House, and I am chair of the all-party group on child protection, so I intend to confine my remarks to the parts of the Bill that affect the protection of children.

I welcome the fact that the Bill will not repeal the safeguarding duties on schools—the duty to protect and promote the welfare of children. I understand that that was considered, and I am glad, following pressure from organisations such as the National Society for the Prevention of Cruelty to Children, supported by a number of hon. Members on both sides of the House, the Government recognised that it was a bad idea. It is vital that schools continue to be safe place in which children can learn and grow.

Schools have a moral duty to keep children safe, and it is often the teacher to whom a child first turns for help when he or she faces problems at home. In my experience, it was often someone at school—a class teacher or a school nurse—who identified children at risk and monitored the well-being of those considered to be at risk.

The Government say that they will remove duties and statutory guidance that create burdens for schools. A duty of child protection is not a burden but an expectation that parents and communities rightly have of schools. I am concerned about two measures in the Bill: the repeal of the requirement to give 24 hours' notice of detention, and changes to the powers of teachers to search children.

Clause 5 amends section 92 of the Education Inspections Act 2006 by removing the requirement to give a parent or carer a minimum of 24 hours' written notice that their child is required to attend detention outside normal school hours. That has been trumpeted by the Government as a major step that will help to revolutionise discipline in schools, but I believe that they are wrong. Since the Minister first spoke of such a measure in the Chamber, other hon. Members and I have raised the matter on a number of occasions and received unsatisfactory responses that show a staggering disregard for the safety of children.

When I wrote to the Secretary of State to set out my concerns, I received a reply from the Minister that did not even attempt to address the issues that I had raised. Unfortunately, there seems to be a great reluctance on the part of the Government to respond to child protection concerns. The Under-Secretary of State for the Home Department, the hon. Member for Hornsey and Wood Green (Lynne Featherstone), cancelled a meeting with the all-party group on child protection at 24 hours' notice only this week.

Significant research tells us that often, schools are unaware of the responsibilities of young carers.

Jessica Lee (Erewash) (Con): Will the hon. Lady give way?

Meg Munn: I shall make a little more progress.

Children and parents do not tell the school of young carers' responsibilities for fear of unhelpful or unwanted interference. Those children may also struggle at school due to their caring responsibilities, and consequently may well receive detention. In such circumstances, they may face a dilemma. Do they collect a younger sibling from their school, or do they disobey the teacher? That could result in a younger brother or sister being left to wait alone, or they could decide to walk home on their own in the dark. Surely the Government should be reasonable. When the matter was last discussed—in Committee on the 2006 Act—the Liberal Democrat spokesperson said that the Liberal Democrats were

"not...in favour of removing the period of notice. It would be totally impractical."

Damian Hinds (East Hampshire) (Con): Will the hon. Lady give way?

Meg Munn: I shall make some progress.

The Liberal Democrat spokesperson went on to say this:

"In rural areas, especially on dark evenings, parents would not know what had happened to their child and would be extremely concerned. It is perfectly acceptable to give 24 hours' notice, as it will allow parents to make other arrangements for travel or to arrange for a neighbour or other family member to stay at home to provide cover. Anything else would be unacceptable."—[*Official Report, Standing Committee E,* 10 May 2006; c. 856.]

That spokesperson is now the Minister of State, Department for Education, the hon. Member for Brent Central (Sarah Teather), and she carries the responsibility as Children's Minister. She should hold to that position.

[Meg Munn]

At the very least, if the 24-hours' notice period is to be removed, why are the Government not inserting a requirement to notify parents and carers before a detention takes place? Many schools regularly text or e-mail parents and carers. If schools need to give more immediate detentions to bolster discipline, as the Government believe they do, that should not happen at the expense of children's safety. Hon. Members should be able to agree that the safety of children comes first, so I ask the Minister to introduce an appropriate amendment in Committee.

Clause 2 specifically allows a teacher of the opposite gender to search a pupil in situations of urgency, and—crucially—when no other teacher is present. That raises a number of concerns, certainly in respect of the protection of children, but also because it creates risks for the teacher involved. The Children's Rights Alliance is also alarmed by the relaxation of safeguards for children being searched.

My understanding is that such searches should happen only when a member of staff believes that there is a risk that serious harm will be caused if they do not conduct the search, and when it is not practicable for the search to be carried out by a member of staff of the same sex as the pupil, or for the search to be witnessed by another member of staff. Frankly, I am struggling to think of a scenario in which the search of a pupil by a member of staff of a different gender without witnesses would be the right thing to do. Obtaining the assistance of other staff members, or indeed contacting the police, would surely be the way to go.

Can the Minister explain how that power will make a positive difference in schools? It appears to many that introducing that power could open teachers to more allegations of inappropriate behaviour, not fewer. Organisations who work with children in care have raised concerns that children who have already been physically or sexually abused would experience such a search as yet further abuse. That could lead to further trauma for them, which is surely the last thing we want.

The Children's Rights Alliance has other concerns. It believes that such searches constitute a significant intrusion into children's privacy. Intrusions must be shown to be necessary and proportionate to be lawful. However, as well as giving extensive rights to search the individual child, the Bill enables staff to look through phones, laptops and other devices, and to delete information

"if the person thinks there is a good reason to do so".

I am puzzled as to why that detail is in the Bill. Perhaps the Minister can address that. Surely such issues would more appropriately be dealt with in guidance, which can be reconsidered and amended if necessary.

We all want good discipline in schools. A school with good discipline allows children better to learn, but it is also a safer place for children. However, I ask the Government to look again at those two measures. It appears to me that they are posturing and talking tough. Schools should protect the most vulnerable children, such as young carers and children who have been abused, but the two measures risk doing the exact opposite. Please think again.

5.59 pm

Annette Brooke (Mid Dorset and North Poole) (LD): I share the aspirations and passion of the Secretary of State to improve standards for all our children and young people, and I welcome the proposals to improve discipline in our schools, to tackle bullying of all types and to protect teachers from false allegations. Of course I also feel that head teachers need the freedom to exercise their professional judgment.

The Bill contains some welcome proposals, and some others that merit close scrutiny at later stages. For me, the most important part of improving standards is investing in early years in order to get the foundations right. I hope that the commitment to, and funding for, free pre-school provision for disadvantaged two-year-olds will be welcomed across the House. Research shows that good quality early-childhood services have wide-ranging benefits for children, particularly disadvantaged children. That obviously helps disadvantaged children with their development, and speech and language skills, which are vital as they progress through later schooling.

In 2010, the latest findings from the effective provision of pre-school education research project were that children aged 11 still showed benefits from attendance at high quality pre-schools, which emphasises the importance of high quality provision. With the cutbacks, however, we have to keep the focus on driving up the quality of pre-school education. I also agree with Save the Children that local authorities should be asked to publish the proportion of free early places for disadvantaged two-year-olds taken up in good or outstanding settings.

I commend the Labour Government for achieving the universal free entitlement of up to 15 hours for three and four-year-olds, and for achieving that very high take-up. However, we still face the conflicting problems of cost, quality, quantity and sustainability—we will face those challenges throughout. It is important in early years to establish the joy of learning, so I hope that any reforms we make will encourage it throughout schooling—and through life, really.

I want to comment, however, on a few clauses that concern me and on which I would like reassurance. I am particularly concerned about the removal of the duty to co-operate with local authorities. I have been involved in many Bill Committees concerned with legislation for children and young people, and I have always felt that schools have to be included—I think that my coalition partners felt that too. I can understand that people might be concerned about unnecessary bureaucracy for schools and colleges, and I can see a case for reviewing how that provision is working in practice, but a repeal with no obvious measure to fill the gap concerns me greatly.

Like the hon. Member for Sheffield, Heeley (Meg Munn), I am deeply concerned about child protection. When I read through a serious case review that went back some years, I noticed that spattered throughout were cases in which teachers had not reported incidents. I worry, therefore, about taking away that duty, about the possibility of child protection being overlooked and about teachers not taking on their full responsibilities. I am also concerned about removing the duty to co-operate in respect of looked-after children, young carers, children with parents in prison and children with special needs. How can we ensure co-operation between schools, local

authorities and other vital services for our vulnerable young people without something being put in place? I hope that the Minister will tell us what that something is.

Pat Glass: Does the hon. Lady agree that the number of middle-years serious case reviews in this country—those from the point of starting school until the mid-teens, when other factors come into play—has reduced significantly because of the duty on schools to co-operate?

Annette Brooke: I am afraid that I do not have the hon. Lady's professional knowledge, only that of the limited serious case reviews I have had the opportunity to see. It is vital that everybody concerned with children is looking out for their protection.

I am equally concerned about removing the requirement on maintained schools in England to have regard to the children and young people's plans. Obviously, the provision for vulnerable children within the plans is really important. I have even greater concerns about special educational needs. The National Autistic Society points out that where services are not co-ordinated, children may undergo tens of assessments, and essential support can be delayed. Parents have reported the constant battles they face to get all the services that their children need. I believe that by working together we can reduce bureaucracy and costs, but I remain concerned about the removal of duties on schools to co-operate and to have regard to the children and young people's plans.

During the passage of the Autism Act 2009, which was sponsored by the right hon. Member for Chesham and Amersham (Mrs Gillan), and which I was pleased to support throughout, the previous Government committed themselves to ensuring that the needs of children with autism would be supported locally through children and young people's plans. How will the Government ensure that these needs are recognised and met locally?

The shadow Secretary of State for Education challenged the belief of Liberal Democrats in local authorities. I believe strongly that local authorities should play an important strategic role in the provision of high quality education in their local areas, and that they should play a pivotal role in ensuring that other related services necessary for a child's well-being work together effectively.

I am concerned not only about removing the duty to co-operate but about the abolition of admissions forums and the reduction in the role of the schools adjudicator. I welcome the extension of the adjudicator's role to academies, but I think that the ability to look at a whole school admissions policy when responding to a particular complaint has brought many benefits. I would hope that we all want to promote fair admissions to schools, but I seek reassurance from the Minister: if we are to reduce the role of the adjudicator and get rid of admissions forums, how are we to monitor the situation and ensure that admissions policies are administered fairly at a local level? I sincerely seek answers from him, because these are important aspects of the Bill—they are important across the board for disadvantaged young people, children with special educational needs and looked-after children.

With those comments, I would like to emphasise that local authorities have a strategic role to play. I would not want to return to the old-style model for local authorities, but I do think that they have a role to play, and if we are to take away some of their powers, we need to know what will be put in their place.

6.8 pm

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): I say to the Secretary of State that on reflection nothing is ever quite as good or bad as we think it is: I was not as good a Secretary of State as I thought I was, and I have a feeling that the right hon. Gentleman is not quite as bad as I think he is—at least I hope he is not.

The Bill is a mixture of incrementalism, with which I agree, contradiction, with which I do not, historical misinterpretation, downright old-fashioned conservatism and, with the exception of the hon. Member for Mid Dorset and North Poole (Annette Brooke), complete humiliation for the Liberal Democrats, who have been against most of the things in the Bill, but who now have to vote for it.

On incrementalism, as the Secretary of State managed to get across several times in his 52-minute speech, there is clearly much in the Bill with which the Labour party can agree and which in fact we put in place. However, there are major contradictions, one of which is that the more academies and free schools we have, the less the Secretary of State's prescriptions on the curriculum, which he laid down this afternoon, will actually apply. In fact, I thought at one stage this afternoon that the Secretary of State was going to lay down a menu for all school meals that would have sweet and sour from Hong Kong, a little tortilla from Mexico and rolled herrings from Sweden, and would be dictated by the Secretary of State, so that nobody missed out on the five portions of fruit and veg required every day, because that is how he is coming across.

There has been a complete misunderstanding of the historic mission of providing diversity and flexibility. We would all agree on having the highest quality world-class headship and top-class teaching in the classroom, but the Secretary of State went into great detail this afternoon, picking out a bit of the curriculum here and a bit there from across the world, indicating that schools would have to teach certain things to reach a particular configuration—an indigestible menu that will in fact not be manageable by most schools. I therefore ask the Secretary of State to think again. He should by all means build on the progress that has been made, learn from the mistakes that we made and transfer genuine power to heads and teachers, but he should not pretend that he is doing that when he is doing exactly the opposite.

Another contradiction that I have noticed over the past few days is the way in which the Prime Minister has indicated that we should have a sense of identity inculcated in our schooling system and our society. I do not disagree with that—indeed, I have put that in place on a number of occasions, both in education and at the Home Office—but we cannot have that at the same time as seeking to abolish citizenship from the curriculum. If we really want to ensure that we have a sense of belonging and mutuality together, and that we understand our history, we need more than simply the teaching of historical figures, so that we can understand how our world works and how people find their place in it.

Above all, my worry about this Bill is the sheer politicisation involved. The power placed in the hands of the Secretary of State, with the abolition of the Qualifications and Curriculum Development Agency, is

[Mr David Blunkett]

a worrying factor. Let us just imagine for a moment what our media, including our beloved BBC, would have done if we had abolished the QCDA and the Training and Development Agency, and placed their powers directly in the hands of a Labour Secretary of State. It would have been on the "Today" programme every morning, with somebody, probably from Real Education—it would probably have been the former inspector, Chris Woodhead—parading themselves, saying what a dastardly thing it all was, yet here we have a Conservative Secretary of State politicising the education curriculum and the education service.

This is not just about central administration; it is about an hegemony that can be seen throughout, with the politicisation of our life more generally. In each area—it is most heavily writ large in the case of the Secretary of State for Communities and Local Government, matched only by the current Secretary of State for Education—the parade is of freedom and localism, while the measures are about centralisation and diktat, and this goes right across the board. I fear that as the Government preach freedom, they take away the rights, as has already been described, of those who should be driving the system, namely the parents of the children concerned. Taking away rights in respect of the adjudicator and sheer fairness, as well as the right to have one's voice heard and to get redress, will lead either to the courts or to complete disillusionment. Either way, that is a bad outcome for the education system.

As we are dealing with a Bill that includes a real rate of interest for students under the new fees system, which will create difficulties and have a dangerous impact on access, it is worth reflecting on the fact that Cambridge university has today announced that it will be charging the full £9,000 fee, because it believes that the demolition of the contribution from the Government—the taxpayer—towards teaching makes it impossible to do otherwise. The whole Bill could have been about building on progress made, learning the lessons or drawing down on world-class experience; instead, it is about—

Mel Stride: The right hon. Gentleman refers to building on progress and mentions Cambridge. Does he feel that much progress was made when only 42 pupils who were on free school meals went to Oxford or Cambridge in the last year?

Mr Blunkett: I was about to say that the Bill is about those contradictions and a historical misinterpretation. What the hon. Gentleman might actually be arguing for is an increase in access and a transformation in how schools relate to Oxford and Cambridge. I was at Cambridge last week—it was the nearest thing to being at Cambridge that I have ever managed, unlike my right hon. Friend the Member for Leigh (Andy Burnham), the shadow Secretary of State. I was pleased to be there and to find not pomposity or exclusion but a desire—from the students at least—to reach out to try to persuade students and staff in schools across the country that their pupils could aspire to the best we have to offer. Incidentally, it is not always Oxford and Cambridge doing that; it is often our best universities and their departments across the country.

I want to give time to those who have not had the privilege that I have had of contributing to education debates over the years, but I appeal to the Secretary of State and his supporters please to not reinvent the wheel. We do not need what the Business Secretary described as the perpetual Maoist revolution; instead, we can come together on sensible ways of improving the life chances of our children.

6.16 pm

Mr Rob Wilson (Reading East) (Con): I rise to support the broad thrust of the Bill. It is unlikely to be remembered as one of the great education reform Bills—such as, arguably, the Bills of 1988 and 1944—but the sum of this Bill is probably much greater than its parts; and, if we add the changes that have already been pushed through in the Academies Act 2010, it is likely that this Government will have a claim to be remembered as a really radical reformer of education. For all the arguments that we have heard—and will hear again—against this Bill, few would disagree with the broad principles that lie behind it. Those principles are about devolving power down to schools; ensuring that exams reach the highest possible standards internationally; improving social mobility; and reducing the bureaucratic burden on schools, allowing the quality of teaching and leadership to flower, which, as Baroness Morgan, the new chair of Ofsted, has said, is the bedrock of any successful school.

Crucially for me, what this Bill has at its core is support for teachers. I particularly welcome the measures aimed at strengthening the power of teachers to maintain school discipline. We all know how one badly behaved child can threaten the prospects of all the pupils in a class if they are not dealt with firmly and quickly. The national statistics are quite shocking. Every day, nearly 1,000 children are excluded from school for abuse or assault against staff or fellow pupils. Major assaults on staff have reached a five-year high. Good teachers are leaving the profession because of bad behaviour, while talented graduates are discouraged from coming into teaching owing to fears for their safety. Across Reading in 2008-09, we had 390 suspensions for assaults and abuse, which is equivalent to two exclusions for every school day in the last recorded year. Why should we expect teachers to put up with that? We would not expect any other profession to put up with such violence.

Put simply, the substantial improvement in pupil attainment that all Members across this House wish to see will not be possible unless we give schools all the help that we can to set and maintain school discipline. Rules imposed by the previous, Labour Government deliberately made it more difficult for schools to expel pupils, undermining the authority of head teachers. By contrast, the measures in this Bill will ensure that we get adult authority back into schools. The fact that exclusion review panels will no longer be able to enforce the reinstatement of disruptive pupils will help to set boundaries for acceptable behaviour and ensure that teachers are not second-guessed all the time. The new powers on detentions and searching for items banned under school rules will help to give the necessary legal backing to enforce school rules whenever that is needed.

Pupils go to school to learn. That must be our message to parents, pupils and teachers. I am confident that the long-overdue measures in the Bill will considerably reinforce teachers' authority in schools. But action on

discipline on its own will not be enough to drive the vast improvement that we need to see in England's schools. The latest OECD report, the "Programme for International Student Assessment", made it clear that, under Labour, schools in England plummeted down the international league tables. As we have heard from the Secretary of State, we went from seventh to 25th in reading, from eighth to 28th in maths and from fourth to 16th in science.

This trend is deeply worrying for our economic future. Reading was recently named in Centre for Cities' "Cities Outlook 2011" as one of the five cities best placed for a private sector-led recovery. Among the major local employers are international companies that require a highly skilled work force. In information technology, for example, Microsoft, Oracle, Cisco and Symantec all have important headquarters in Reading. To ensure that those employers continue to feel that Britain is the best place in which to run major parts of their operations and to enable them to draw on the skilled work force that they need, we must take every possible step to ensure that we reverse the decline, relative to other countries, and strive to get to the top once again. To do anything else would be to sell future generations short.

I welcome the provisions in the Bill that will require Ofqual to compare standards in England with others internationally. I also welcome the proposals to give the Government the power to require schools to make themselves accountable to international surveys.

Mr Graham Stuart: My hon. Friend is making a powerful case. Does he agree that big international companies such as Microsoft need not only excellent PhDs but first-class technicians to support the work that they do?

Mr Wilson: I thank the Select Committee Chairman for his question. Of course technical skills will be important, and I hope that university technical colleges will play an important role in that regard. I shall return to that point in a minute.

Rigour is absolutely essential, but we must not lose sight of the fact that not every pupil is right for university and the academic route. There has been a danger in recent weeks that all the emphasis might be placed on academic subjects and academic achievement. I have no doubt that that emphasis might be necessary temporarily while we are changing the prevailing philosophy that has surrounded education over the past decade, and, yes, we need academic rigour, but we also need alternative, equally valid and equally celebrated pathways in education. However, this should not come down to pushing some young people towards easier subjects, which is what the previous Government did. We have to find different ways of teaching and learning. I am looking forward to the findings of the review on vocational qualifications that is being led by the excellent Professor Alison Wolf. Unfortunately, they were not available in time for this debate, which was disappointing.

I welcome the Government's support for initiatives such as university technical colleges under the academies and free schools programme. UTCs, as championed by the endlessly energetic Lord Baker and the Baker Dearing Educational Trust, offer 14 to 19-year-olds the opportunity to take a highly regarded, technically oriented course of study at a specialist college that is equipped to the highest standards. Those colleges specialise in subjects that require particular, modern equipment, and local employers, large and small, are asked to help to shape the specialist curriculum. The colleges offer a promising way of engaging young people through a different type of teaching, which is, as the name suggests, more technical in its orientation. They do not neglect the academic subjects, however, and they also help to ensure that local employers continue to have the skilled work force they need.

I welcome the priority given to academies in the establishment of new schools. This builds on the previous Government's most successful reform programme, which in turn built on the success of city technology colleges. Academies are a proven success story, with their academic performance improving at almost twice the rate of other state schools. In 2009-10, the proportion of pupils in academies achieving the expected level at GCSE of five A* to C grades, including in English and maths, increased by 7.4 points on the previous year, compared with an increase of 4.1 points across all maintained schools. The OECD has concluded that

"in countries where schools have greater autonomy over what is taught and how students are assessed, students tend to perform better".

Labour Members might not like the reforms, but teachers and parents in my constituency do. Three schools in Reading have already become academies, and all the secondary schools there will probably have converted by the end of next year. The number of proposals for new free schools is rising at what the Secretary of State might regard as an alarming rate. There is clearly an appetite among parents and professionals for our policies. With the extra priority being given to academies in the Bill, Reading might finally be relieved of the absurd situation in which Reading children cross into neighbouring local authority areas in search of good schools while pupils from other local authorities cross into Reading to attend what are successful but almost regional grammar schools. The quality of schools should not depend on the local authority in which they are situated. The measures in the Bill will give head teachers more freedom to determine what goes on in their schools and greater powers to drive improvement, wherever they might be. As such, I welcome these measures as a step in the right direction.

6.25 pm

Debbie Abrahams (Oldham East and Saddleworth) (Lab): This Bill fails our children and young people. In spite of what the Secretary of State claims, many of its measures are grossly unfair, and I will not support it. It is full of rhetoric promising to devolve power to families and professionals, but the reality is quite different, with many parts of the Bill actually centralising power. As we have already heard, it will make it impossible for parents to challenge decisions about admissions, as well as limiting the choice of subjects that teachers can offer their students and denying communities the opportunities that can be gained by schools working together in partnership.

From early-years provision to students aspiring to higher education, the Bill restricts educational opportunity. With one hand, it extends free entitlement for early education and child care, which I support, yet with the other it removes the need for local authorities to ensure that there is enough quality child care available in their area. The Bill proposes to allow maintained nursery

[Debbie Abrahams]

schools and classes to charge for any early-years provision above the 15-hour entitlement. That, in conjunction with the early-years single funding formula that will come into force in April, will have a devastating impact on settings that currently provide free full-time places for disadvantaged children.

More than 3,500 Sure Start children's centres were opened under Labour, offering a range of early-years, health and parental support services to more than 2.5 million children and their families. Yesterday, we heard the Minister of State, Department for Education, the hon. Member for Brent Central (Sarah Teather) edge her way round the question of whether Sure Start children's centres would continue to remain open and to offer every child the best start in life, or whether hundreds would close, as the survey carried out by 4Children and the Daycare Trust predicts. In my constituency, Sure Start workers are already being made redundant. It is no good saying that early-years education is important, only to take away the funding so that parents cannot access it.

The damage that will be done to early-years education by cutting the grants for Sure Start is just the start; every parent worries about getting their child into the school of their choice. Yet these proposals will make it harder, not easier, for parents to choose what is right for their child, as free schools and academies squeeze money out of the funding for schools in their area. Similarly, the proposals on admissions will mean that parents will struggle to fight for what their child needs. Clause 34 removes the requirement for local authorities to establish an admission forum.

Even if a child can get into the school that the parents want, the way in which the Secretary of State is narrowing the national curriculum will make it harder for children to achieve. He claims that he wants to consult parents and teachers on what should be taught, but by limiting the English baccalaureate he seems already to have made up his mind that it should be quite restrictive. How can I say to a young person from my constituency that it is more important for them to learn Latin than to be able to use a computer, especially when 10% of our gross domestic product is generated from the online economy? That simply does not make sense.

With the axing of Building Schools for the Future and the promise that it gave to every child, including those in my constituency, of the learning environment that they need to succeed, it is most worrying that the Bill still fails to define the capital funding that will be available for free schools and academies. The so-called academy conversions are another example of co-operation and partnership working between schools being undermined by this Government, with federated schools being able to apply to become an academy without any discussion with other schools.

My final point relates to part 8 on student finance, which my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett) mentioned. This is like the small print of a dodgy contract: it is almost hidden, yet it proposes to remove the cap on student loan interest rates. In effect, this will allow profit to be made out of student debt. With the trebling of tuition fees, this is another example of the Government's unfairness, kicking away the ladders of opportunity from our most disadvantaged young people.

6.30 pm

Stephen McPartland (Stevenage) (Con): I am grateful for the opportunity to contribute to this important education debate. My wife is a primary school teacher; my sister is a secondary school teacher; and my mother-in-law devoted her career to primary school children with special educational needs. I understand the challenges that many teachers in the school system face daily. However, that understanding does not give me the right to tell teachers how to do their jobs. That is why this Bill is so important. It gives power back to teachers and head teachers to take the decisions on how to deliver the best education for the children in their classrooms.

Everybody remembers a good teacher, and every teacher wants to see their class grow up, develop and get the best possible start in life. Teachers love to excite and inspire children to learn so that they can enjoy a journey of lifelong learning from the primary school classroom to the boardroom. Unfortunately, many children are left behind. The highest early-year achievers from deprived backgrounds are overtaken by lower-achieving children from advantaged backgrounds by the age of seven—and the gap gets larger as the poorer students get older. For example, the primary school in my constituency with 40% of children on free school meals has only 64% achieving level 4 at key stage 2, when they are 10 or 11. The primary school in my constituency with only 4% of children on free school meals has 90% achieving level 4 at key stage 2. It is unacceptable that children from poorer backgrounds are allowed to fall further behind year after year.

A good education is the best route out of poverty. I fully support the Bill's provisions to introduce free early-years learning for disadvantaged two-year-olds and the pupil premium. These massive investments in the poorest children in our society will help spread fairness throughout our education system and lift children out of poverty. UNICEF currently ranks the UK as 13th out of 24 OECD countries for educational inequality, but it is not possible to lift children out of poverty if we measure only poverty of income. Poverty of education is an equally important factor, as it leads to a poverty of opportunity and aspiration in later life.

Before I briefly mention some of the opportunities provided by the Bill to transform educational achievement in Stevenage, I would like to make three quick points, to which I hope Ministers will be able to respond—in a little more detail, of course, in Committee. First, I fully support the introduction of a reading test for all six-year-olds so that parents know how their child is doing. However, I ask that an element of comprehension be included in this test. Many children and adults—including myself on many occasions—can often read a word, but without fully understanding its meaning, so they cannot use it correctly in a sentence. A little reassurance that the new reading test will have an element to demonstrate that children understand the meaning of the words they are reading would be welcome.

Secondly, many hon. Members will speak on the huge benefits that children and schools will obtain by converting to academies. However, will the Minister consider providing a little more clarification for those education authorities concerned about their responsibilities for casual admissions throughout the school year?

My final query is whether the pupil premium will be available to children currently in care. One of the saddest facts that I am aware of is that only 15% of children in care achieve five A to C grades at GCSE, compared with an average of 70% of all children in the UK.

I do not want to take up too much time, as many other Members want to contribute. In my final few minutes, however, I want to highlight some of the exciting developments taking place in Stevenage as a result of the freedoms that the Bill will give to schools. Plans to convert to academies are, of course, already under way. There are also discussions going on about the possibility of what we are calling an "educational village"—a school that provided full through-schooling for children from the age of four to 19. As one head teacher put it, it will allow for controlling the supply chain of the children coming through, so that the standards of the children are well known and can be developed. It should provide greater understanding of what the children are likely to achieve later in life.

My local college is looking at developing a vocational school for 14 to 19-year-olds, which is also called a university technical college. My constituency is also fortunate in having within it the headquarters of the Institution of Engineering and Technology, which I know is working with university technical colleges throughout the country to develop those schemes.

The most exciting prospect for me is that the Stevenage educational trust has been established this month. This is a charity set up by local head teachers, which is developing the idea of taking on the extended services that they consider important to educational provision in Stevenage. My ultimate aim for this charity—and, I hope, the aim of the head teachers—is that it will take over the responsibilities that will be devolved from the local education authority and allow solutions that are more focused on the needs of the children in a single town rather than across a widespread geographical area. It will be able to have an educational psychologist looking after the children in a particular small area rather than on a county basis.

Finally, I would like to end by quoting Patrick Marshall, the head teacher of Marriotts secondary school in Stevenage, who told me:

"The Government's new reforms for education have meant that I have more freedom to target specific resources to the young people and families I know are in most need. My accountability is now transferred to my local community rather than centralised targets, which have in the past dictated the delivery of services at a local level".

I very much look forward to voting for this Bill, which promises to lift educational attainment for the poorest children in my area.

6.36 pm

Kate Hoey (Vauxhall) (Lab): It is a pleasure to follow the measured speech of the hon. Member for Stevenage (Stephen McPartland). Let me say first that I support many aspects of the Bill and will not join my colleagues in opposing it tonight. A number of issues can be clarified and corrected in Committee. One important issue that I feel should be looked at again is the whole question of support staff, who are so important in any school. I am not sure that the issue has been looked at carefully enough. It is the sort of matter that should be probed in Committee.

I welcome the abolition of the Training and Development Agency and the General Teaching Council for England. I welcome the fact that we can finally get back to having a Secretary of State who has to take responsibility and has to be accountable to this Parliament for what happens in education. I also welcome the fact that the Bill makes it clear that trainee teachers who do not meet the required standards should face termination of employment. As I said earlier, for too long we have tolerated poor performance in the teaching profession and we have been afraid to be honest to those who simply are not good enough. For me, there is no more important profession than that of educating the next generation. We need to foster a culture of excellence, not of complacency. As many have pointed out, we would not tolerate a pilot who had a questionable record in flying and we would not go to a doctor who always gets a diagnosis wrong. Why, then, should we accept a teacher who we know does not deliver for her children?

There are many good schools in my constituency, but one in particular has always taken that sort of approach to teacher training—the Durand school, now the Durand academy. Durand spent years fighting the local authority, Lambeth council, because it refused to accept anything less than great teaching for its school. For more than 16 years, the school has had innovative social entrepreneurship under its belt, under the inspirational leadership of the executive head, Greg Martin and the head, Mark McLaughlin. It has gone from being a failing school to an outstanding one. It has built on-site accommodation for teachers who are new to London; it has a health club with special rates for parents; and it has truly self-helped.

Durand has been creative in showing how a school can use its property assets for social good, and I would encourage other schools to do the same. Through its own endeavours it bought 19 acres in Sussex, in the constituency of the hon. Member for Chichester (Mr Tyrie). It was formerly the site of a grade II listed private school and then a local education authority special school. It is the most amazing of locations, where Durand wants to open the first truly free-of-charge state boarding school, offering the best possible educational experience to inner-city teenagers.

The intake of the Durand primary school in Stockwell is extremely diverse: 95% of children come from black or ethnic minority backgrounds; more than 50% are on free school meals; and more than 40% live in overcrowded households. Despite those statistics, the quality of attainment, behaviour and attitude at the school is impeccable. It is an outstanding school, which has proved time and again that a low-income background need not mean low expectations for children. It is built on hugely important leadership.

Children leave Durand at the age of 11, and many subsequently fail to achieve five good GCSEs. Last year children leaving Durand were transferred to 20 different secondary schools, many outside the borough and many of poor quality. It is to be hoped that at the end of the current school year, if the right decisions are made and if the system proves successful, children will stay on in the middle school and, at the age of 13, will board between Monday morning and Friday afternoon. That will enable them to retain links with their community, and will allow their families—many of whom live in overcrowded accommodation—to see them receive the

[Kate Hoey]

best possible education while also benefiting from the extra time that boarding schools provide for sport and the other extracurricular activities that are so rarely found in inner-city areas such as mine.

Parents want choice. They want the best, and they do not see why the best should be available, or offered, only to those who can pay or who come from the most affluent areas. That cannot be right. Labour Members need to be honest. For a long time we have espoused the benefits of academies as one part of a broad system of education. Academy status has given proven successful schools such as Durand the freedom that they need in order to develop education and tailor it in accordance with their intake, helping each and every child to reach its full potential. Parents want those options: they recognise that one size does not fit all, and that local authorities do not have all the answers. There have been many struggles involving my local authority, which wanted to impose a straitjacket on its schools to ensure that they were all the same.

As a former grammar school girl, I feel strongly that my party must not lose ownership of aspiration. In the past month, my hon. Friend the Member for Liverpool, West Derby (Stephen Twigg) hosted an event in the House on behalf of Progress, which reached the same conclusion. For a number of years many of my hon. Friends supported the views of Lord Adonis of Camden Town, and we are familiar with his views on much of the Bill. My constituent Katharine Birbalsingh—who may be better known for speaking at a Conservative party conference but who is a brilliant teacher, as will be clear to anyone who meets and talks to her—has shown the same willingness to believe that every child can aspire to and, indeed, reach the top. I am proud that she is my constituent, because what she says and writes is based entirely on the reality of what is happening in many inner-city schools.

We must be honest, and reflect the views of all involved in education and teaching rather than just those of the unions. Theirs is an important voice, but it is not the only one. I want us to speak for the family of the child from Myatt's Fields estate in Stockwell who wants to reach for the stars—for the family who want for their child the options that are available to a child from the richest family in the land. I want us to speak up for the silent majority, who are often without a voice.

If the Education Bill helps schools like Durand which pride themselves on great teaching to become a model for others to follow, I welcome it; if the Education Bill helps schools like Durand which insist on good discipline to enforce that discipline, I welcome it; and if the Education Bill helps schools like Durand which want to open a new secondary state boarding school for disadvantaged children to deliver that, I welcome it, and urge its adoption.

6.44 pm

Jessica Lee (Erewash) (Con): Thank you, Madam Deputy Speaker, for inviting me to speak in this important debate. I shall speak as briefly as possible so that others can contribute, but, if time allows, I shall touch on the subjects of early-years provision, academies and apprenticeships.

Why is early-years provision so important at this time? In my view it is a critical element in the Bill, because evidence increasingly suggests that it will become more crucial than ever in determining outcomes. A couple of weeks ago, in a debate initiated by Government Members—in the context of reports presented by the right hon. Member for Birkenhead (Mr Field) and the hon. Member for Nottingham North (Mr Allen)—the House benefited from speeches that demonstrated a wealth of experience in relation to early-years provision and early intervention in particular.

I believe that in providing 15 hours a week for disadvantaged children, the Government are taking a stand and making an active contribution. As a child protection lawyer, I encountered many cases whose outcomes jeopardised children and put them at risk. The situation was very delicate in such cases, and a central issue was what would happen to the children during those early years. Problems arose in relation to young children's attachments to carers and other adults, which, in my view, were likely to determine their long-term educational and socio-economic prospects. I applaud that aspect of the Bill, and was reassured to hear from the right hon. Member for Leigh (Andy Burnham) that the Opposition supported it.

The provisions for academies, which amend provisions in the Academies Act 2010, offer some schools an exciting and positive future. They may not be appropriate for every school in Erewash, but we are fortunate in that three of our schools are seeking academy status and in each I see strong leadership, committed governors, and members of a school unit working to achieve better outcomes for children not just in their own schools, but in all the schools in their community.

Andrew Percy: My hon. Friend has made an important point in saying that such provision is not appropriate in all circumstances. Does she agree that when a school has made a decision either to become an academy or not to do so, we should support that decision and support the school's governors? On the front page of a local paper in my constituency, a Labour councillor in Goole was quoted as saying that a school that had decided to become an academy would not take children from council estates.

Jessica Lee: I agree with my hon. Friend—of course we should support a school that makes that important decision, if it is right for the school. As I have said, I have seen great leadership from head teachers throughout my constituency who, having made their decision, have worked to gain the support of the whole school unit: parents, governors and the local community.

At Long Eaton school, which has perhaps travelled furthest towards achieving academy status, I have seen leadership and encouragement on the part of the head teacher and staff. I have been concerned by the distribution by trade unions of leaflets containing scare stories and negative comments about what the school has been trying to achieve, but I believe that their efforts have been unsuccessful. Now the scare stories have started again in regard to Bennerley school in Ilkeston, and I support the actions of the head teacher, the staff, the pupils and the school community in standing firm. If their decision is right for them, they should not be bullied by unions or anyone else.

I want to mention a third school, Kirk Hallam community technology and sports college. It is also in Ilkeston, in a more socially and economically deprived part of my constituency. For decades, it did not receive the investment and attention it deserved—and it has to be said that Derbyshire county council was Labour-controlled for 28 years. I am now asking, very clearly and vocally, for a level of support and investment in Erewash from the county council and the local council that it did not have in the past.

My constituency has a proud history of manufacturing, furniture making, engineering and high-tech companies, many of which have taken on apprenticeships over the years. Apprenticeships is a topic that comes up at every meeting of the Erewash Partnership, the local business partnership in which I play a role. There is a real thirst for apprenticeships, and enthusiasm for what the Government are doing to back them. I was interested to learn that 190 different types of apprenticeship can be taken, which is more than I thought. Giving young people this opportunity and variety for their future is extremely important.

The Bill emphasises prioritising funding for young people who have already secured an apprenticeship. That is important, as it will allow us to move forward both with the commitment to have more apprenticeships—which is, of course, the right thing to do—and with making sure the practical steps are in place so that that can be achieved.

I will vote with enthusiasm for the Bill. This is a positive day for young people in this country. I think that taking this step will enable us to go forward, and I hope we get as much cross-party support as possible in order to bring all these positive ideas to fruition.

6.52 pm

Geraint Davies (Swansea West) (Lab/Co-op): This Bill is part of a Government strategy to turn away from the direction in developing education that the previous Government took. The previous Government's system was founded on the principle of the equal opportunity to succeed—that is rooted in the comprehensive system—which focused on supporting failing schools in deprived areas and providing some choice and flexibility. It achieved remarkable success in GCSE results and standards.

The current Government want to shift resources—in an economic climate in which ever fewer resources are available—from the most deprived areas to those already achieving or to new schools in middle-class areas. In addition, their system will centralise power in the hands of the Secretary of State sitting in Whitehall to make decisions over the future of schools he has never seen or will never care to visit. It will undermine communities and their power to influence local intervention in schools via their democratically elected councils, and replace parent choice with head teacher choice as schools achieve growing power over selection and there is shrinking accountability to parents.

Meanwhile, the ability to plan for aggregate levels of special educational needs in an area will be undermined as that will be unknown, when what we need is, for example, the screening of all two-year-olds for speech and language difficulties in order to assess the level of need and to target early so that the system is cost-effective. We have yet to see the plans for SEN as this Bill has been introduced ahead of them.

What we know instead is that schools in middle-class areas will be empowered to select parents who can make a donation to the school and to avoid pupils who might incur disproportionate costs as the system for appeal has been weakened. Unfortunately therefore, the marketised system that will emerge will naturally adjust to create sink schools, risking the creation of dumping grounds of socially and financially disadvantaged children.

The aggregate impact of these market forces will be for the school system to exaggerate and amplify social Darwinism, and to punish people for being poor by kicking away the ladder of opportunity so that society overall suffers by being less productive, more unequal and more divided. When Britain most needs a society that is strong and united, the Lib Dem-Tories are unleashing market forces in education that will create an England that is weak and divided.

Alongside this, the Sure Start infrastructure for early intervention is being systematically cut so pupils from less well-off backgrounds will enter a worse school, worse prepared. Meanwhile, in sharp contrast, across the border in Wales, despite the Lib Dem-Tory bid to reduce the financial bloodstream to the comprehensive education system, the flame of hope for fair and equal education still burns bright. Fortunately, as NHS spending is not ring-fenced in Wales and the £3 billion cost of restructuring the NHS in England will not be wasted in Wales, we will have money to invest in education and to give all our children—not just the few—the life chances they deserve, with local authorities charged with streamlined strategic responsibilities to ensure holistic success and efficiency, with schools accountable and with a refreshed focus on leadership achievements and transparency, and with a new commitment to ensuring money meant for schools is spent on schools and not for other purposes.

The appalling waste we will see in England, of letting poorer schools go to the wall and fail and close, will still be avoided in Wales by early intervention that is locally driven, and with parents empowered through local democracy, not threatened by the distant foreign voice of Whitehall muttering the drumbeat of a one-size-fits-all curriculum. Local head teachers will not be given a free rein to run schools without parent power or be forced to stick to the new Tory curriculum diet of Billy-Bunter Britain that is being prescribed. In England, in education as in the NHS, we see the arrival of a market-led system, the withdrawal of democracy, and the distant diktat of the Secretary of State, with unaccountable schools competing to attract the most well-heeled parents and the least expensive children, who will be fed an intellectually grey diet that may keep them above their neighbours locally but will relegate them below their neighbours internationally.

This ill-thought-out patchwork of measures threatens to cast the children of England adrift from the firm anchorage of hope and opportunity to float into the uncertain and treacherous waters of growing inequality and underachievement. The Bill is a rag-bag of right-wing ideas dreamt up in haste, and threatens to undermine the future of a united and prosperous England. It is incomplete both in terms of SEN and apprenticeship provision, and it fails to acknowledge the withdrawal of support from Sure Start and will lead to us ending up with a two-tier system in respect of local authority access. All this underlines the case for Wales to avoid importing this half-baked Tory-Lib Dem plan for ruining

[Geraint Davies]

education. Thankfully, the only good aspect of it is that it will encourage the people of Wales to vote Labour this May.

6.58 pm

Dan Rogerson (North Cornwall) (LD): It is a pleasure to follow such a vivid speech, describing—*[Interruption.]* Well, it contained a lot of imagery, but it described an outcome that I do not think many people outside this House who commented on the Bill will recognise. There are undoubtedly concerns and areas that require clarification, but while the language of the hon. Member for Swansea West (Geraint Davies) was very colourful, it was, perhaps, not entirely accurate. We will look back in a few years and see whether the vision he set out has come to pass. The hon. Gentleman's party colleague, the hon. Member for Vauxhall (Kate Hoey), had a more generous view of both the intentions behind the Bill and the outcomes its provisions might produce.

I join other Members in welcoming the addition to the Bill of a commitment to extending early-years provision for those from disadvantaged backgrounds. That will have a huge impact. It will be tied to the pupil premium, which was a Liberal Democrat commitment. I greatly welcome the fact that the coalition is focusing on trying to raise the attainment of those from disadvantaged backgrounds, as the Secretary of State set out. I also hope that this encouragement to drive up the take-up of places in early-years education will lead to more investment and therefore greater provision as well. Other hon. Members have mentioned training and, by setting out greater investment in that sector, we hope to encourage more people to participate in delivering it and to improve it.

The issue of bureaucracy has been raised. The hon. Member for Stevenage (Stephen McPartland), who is no longer in his place, started his speech by stating his family's educational credentials. Unlike some hon. Members, I have never been a teacher, but both my parents were teachers and my wife is a teacher. I did work for a while in a teacher training college and I have been a school governor, so I have seen close up the reams of guidance and prescription issued by the Department under the previous Government. Therefore, I very much welcome the fact that at last we have a Bill that puts at its heart cutting aside a lot of that and allowing schools to get on with teaching, because that is what teachers want to do.

The Government have already addressed issues such as financial management in schools and the self-assessment documentation, and in this Bill we are looking at the school profile. Those measures together deal with a huge amount of the reading through that has to be done. They also address the quantity of work that head teachers, governors and staff have to do to send back pieces of paper or to hang on to filing cabinets full of paper that do not achieve a huge amount—or a proportionate amount, given the time involved in doing that work—for the pupils in their school or for the wider community.

The Bill also seeks to abolish some organisations; we have heard a little today about the General Teaching Council, the Training and Development Agency for Schools and the Qualifications and Curriculum Development Agency. The Young People's Learning Agency could have been mentioned too. Those organisations have undoubtedly performed a role, but it is right for the Government to challenge how effective they have been in discharging their roles. If it is at all possible, it is right to do that work far more efficiently.

The hon. Member for Vauxhall talked about accountability, which is also important. She made a good point, because I recall discussions about the Bill that set up the Infrastructure Planning Commission and I felt that it was all about taking tricky decisions away from the Secretary of State and giving them to an unelected body to consider. So I very much welcome the decisions that this Government have taken across their legislation to ensure that Government accountability is included and that the buck stops with them.

My hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke) made an excellent and measured contribution, in which she rightly set out some questions for the Government. She also mentioned bullying, which has been mentioned by all parties in election manifestos and so on. It is therefore welcome that the Government are dealing with discipline and are tackling bullying, so that teachers can feel confident that they will be supported when they try to intervene to ensure that they get the discipline that they want in their classes and so that parents can be reassured too.

The speech made by the right hon. Member for Leigh (Andy Burnham) laid into the issue of apprenticeships. He tried to pretend that the approach that had been adopted towards the end of the previous Parliament was going to deliver a huge number of apprenticeships. A responsibility had been placed to deliver those places, but we need employers to come forward with them. There is far more clarity in our arrangement because the funding and support is in place, and it is then up to people to get out and secure those places locally.

My questions for the Minister focus on school governance. We need to explore in greater detail the proposals for governing bodies to alter their own structures and remove some categories of governor. I have concerns about that with regard to local authority governors and staff governors, so I hope that we can hear more justification of that proposal.

The Association of School and College Leaders has said that it welcomes the exclusions proposals that will ensure that teachers will able to take action to remove pupils who are having a disruptive effect on their classmates. However, we must make sure that safeguards are in place. The Minister may correct me if I am wrong here, but I believe that the Bill provides that decisions on exclusions must recognise the position of children with special educational needs, particularly those who have autism. Could similar sorts of rights be put in place for looked-after children too, given the pressures that they are under and the disruptions that life has inflicted on them?

The measures on providing an independent careers service are also welcome. They will allow people to be confident that the advice being given is in the best interests of the young person. In most cases, it has been, but we have all heard examples of people being pushed to stay on at a particular school in the interests of the school, rather than the young person. The independence contained in the measures is good, but I hope that the Government will be considering transition arrangements

to ensure that as we move to the new system, the experience that has been gained in providing careers advice will not be lost.

Mr Hayes: I will indeed look at that.

Dan Rogerson: In conclusion, we need to explore a number of questions in Committee and on Report that have been raised by hon. Members. I welcome the comments of those who have said that by giving the Bill a Second Reading we can develop and make progress on a number of aspects, such as early-years provision, apprenticeships and giving teachers and schools the room to get on with teaching, which is what they want to do.

7.6 pm

Catherine McKinnell (Newcastle upon Tyne North) (Lab): It may not surprise many right hon. and hon. Members to learn that I want to discuss part 7 of the Bill, which covers post-16 education and training. More specifically, I want to discuss clause 65 on "The apprenticeship offer". This is particularly appropriate given that we are in national apprenticeship week, as the shadow Secretary of State said. I am pleased to see that the Minister for Further Education, Skills and Lifelong Learning and his shadow counterpart are in their places.

I have been a passionate campaigner on the importance of apprenticeships for both businesses and workers, and for the economy and for wider society. They provide a structured career path for young and old people alike, while helping to develop the skills that UK plc will need if it is going to compete effectively on the global scale. It is for that reason that I introduced my Apprenticeships and Skills (Public Procurement Contracts) Bill, which seeks to increase the number of apprenticeship places available across the country by introducing a requirement that when awarding large contracts all public authorities must ensure that successful bidders demonstrate a firm commitment to providing skills training, wherever possible and appropriate, and, crucially, apprenticeship places.

I am delighted that my Bill is to have its Second Reading debate this Friday, during national apprenticeships week, and that it has garnered widespread support from organisations such as the Federation of Small Businesses, the TUC, the North East chamber of commerce, Unison, Unite, the Union of Construction, Allied Trades and Technicians, the Association of Colleges, the Federation of Master Builders, the Electrical Contractors Association and the GMB, and indeed from the former Government enterprise champion, Lord Sugar, to name but a few. It is a simple measure that will help to increase the number of apprenticeships available. It will ensure that employers do their bit and are on an equal footing when bidding for public contracts as the Bill will reward those with good practice and encourage the others to do more. I therefore urge the Government to do all they can to secure the Bill's passage through the House or to take on the ideas and proposals in their own policies.

I was also delighted to welcome my own 16-year-old apprentice to her first day in my Newcastle office. Charlene Curry, a business administration apprentice from Newbiggin Hall, in my constituency, has been placed in my office by the excellent North East Apprenticeship Company, which works hard on a not-for-profit basis to marry businesses with willing apprentices, with great success. I wish to take this opportunity to urge all right hon. and hon. Members to make every effort to accommodate an apprentice in their office, if they have the ability to do so.

At this stage, it is useful to take stock and acknowledge that the previous Labour Government had a clear, unwavering commitment to boosting and expanding apprenticeships. As I have said, this is national apprenticeship week, which the previous Government launched in 2008 to celebrate and promote the important role that apprenticeships play. Under Labour, the apprenticeship system was lifted from its knees by a Government who invested money, status and opportunities in apprenticeships for young and older people alike.

In 1996-97, the final year of the previous Tory Government, only 65,000 people started an apprenticeship. By 2009-10, that figure had risen to almost 280,000, a massive and highly commendable increase which comfortably exceeded Labour's original target of 250,000 starts.

Mr Hayes: Will the hon. Lady give way?

Catherine McKinnell: I was about to pay tribute to the Minister's efforts in that regard, but he can intervene later if I do not cover the matter sufficiently.

Labour increased the number of apprenticeship starts from the planned 200,000 to 279,000 in the final year alone, an increase which contrasts with the current Government's ambition of funding an extra 50,000, 75,000 or 100,000 apprenticeship places over the next four years—an announcement was made yesterday, and I hope that the figure keeps rising. Either way, the target is unambitious over four years when we consider demand and the obstacles that young people now face in trying to stay on at school or carry on to higher education.

Labour's commitment to expanding apprenticeships included the introduction of a statutory apprenticeship offer as part of the Apprenticeships, Skills, Children and Learning Act 2009, which required the Skills Funding Agency to secure an apprenticeship place for all suitably qualified 16 to 18-year-olds by 2013. Part 7 of the Bill seeks to repeal that duty and replace it with a requirement to fund apprenticeship training for those people who have already secured an apprenticeship place. I do not doubt that the Minister for Further Education, Skills and Lifelong Learning shares my passion for promoting the importance of apprenticeships, but I am concerned about the signal that that repeal will send out. Should we not be encouraging all young people to think that an apprenticeship is at least an option for them?

Yesterday, City and Guilds published the results of a study showing that employers actually find apprentices to be more valuable than graduates. What impact does the Minister believe that taking away the guarantee of an apprenticeship will have on the number of young people seeking and successfully acquiring apprenticeship places, particularly among those from disadvantaged backgrounds?

Mr Hayes: I am grateful to the hon. Lady for giving way, because I know that time is short. I have three points. First, we warmly welcome her attempts to link procurement and apprenticeships. Regardless of whether we can support the Apprenticeships and Skills (Public Procurement Contracts) Bill, we will take action to

[Mr Hayes]

support the intentions behind it. Secondly, on the numbers, we will grow apprenticeships on the back of the progress that Labour made, which I acknowledge, to an unprecedented level—we have put the funding in place for at least 105,000 more apprenticeships. Thirdly, we have changed the offer because we want to ensure that everyone who secures an apprenticeship place with an employer is funded. That is my commitment to the House tonight, which is reinforced in the legislation.

Catherine McKinnell: I thank the Minister for his response to those queries.

At a time when we are facing the highest recorded level of youth unemployment, with one fifth of young people out of work nationally, rising to one third in the north-east, should we not be putting every measure in place to ensure that our young people have the opportunities to gain skills and qualifications? It is creditable that the Minister has managed to secure funding for an additional 30,000 apprenticeship places for 16 to 18-year-olds, but does he genuinely believe that those extra places will even come close to meeting demand?

Recently published figures show that BT received 24,000 applications for only 400 places on its apprenticeship programme this year. PricewaterhouseCoopers has reported that applications to its school leavers entry scheme doubled to 800 in the past two years, while Network Rail has said that it received 4,000 entries for around 200 apprenticeship places this year. I would be grateful if the Minister took the opportunity provided by this debate and national apprenticeship week to clarify how removing the statutory guarantee will help the Government to increase the number of young people starting apprenticeships and the further measures that his Government intend to take to guarantee the expansion of both youth and adult apprenticeships across the UK.

7.14 pm

Mr Andrew Turner (Isle of Wight) (Con): One of the greatest failures of the previous Government, who started with great hope, was their failure to improve the performance of schools. We know that the performance of schools in international league tables, which is measured by the programme for international student assessment, fell from where we—the Conservatives—left it in 1997.

The Labour Government promised that their three main priorities in government would be "Education, education, education". The aim was clearly for schools' performance to get better and, more importantly, for schools to get better, but the problem was that performance was getting worse all the time. While Ministers here insisted all was well, every external audit proved the opposite.

Let me illustrate how well we were doing under Sir John Major's Government and how much worse the statistics were by 2009. The first PISA assessment took place in 2000, three years after the Labour Government had won power. In it, the UK ranked seventh in reading, eighth in maths and fourth in science. In the 2009 assessment, the UK ranked 25th in reading, 28th in maths and 16th in science. I confess that there are many ways to read the statistics, as the PISA readings were collected over a long period and any one set of results used in the tables may have been taken over a period of five years, but the striking thing is that the United Kingdom was, using the average of the three results, in sixth place in 2000, and yet we were in 23rd place in 2009.

Opposition Members may argue about the finer details, but to any objective observer it is obvious that the UK has tumbled down the international league tables. Canada, New Zealand and Australia now occupy much higher positions, around sixth, seventh and ninth. Their positions are statistically significant above the OECD average. I would expect the United Kingdom to occupy a similar position, but we are ranked 23rd. We are only around average on the majority of indicators, although we are a little above average for science. The OECD says that average performance needs to be judged against a range of socio-economic indicators, most of which give the UK an advantage. The problem is not the money that we spend on education—only seven OECD countries spend more per student than the UK—but the way in which it is being spent. The best performing countries are China, South Korea, Finland and Hong Kong. The UK is now below Ireland and the United States, which, to make it clear, are pretty average.

To be fair, the problem was clear to us even in the 1980s, when from a good position we were starting to get worse. We needed to slow down that slide in performance, and there were two ways in which schools could improve. One was greater independence for all schools, which was called local management and which was reasonably successful in many areas. The other was giving schools greater freedom—grant-maintained schools. Seventeen schools became grant maintained in the first group in 1989. In 1994, 554 secondary schools—about 15% of the total—enjoyed the freedom to make the right decisions for their school and their pupils that grant-maintained status gave them. The results in those schools were well above average, and grant-maintained status did what needed to be done for individual schools in individual areas.

Finally, I draw hon. Members' attention to small schools, which have also benefited from having more freedom. The smallest grant-maintained school was Kettleshulme in Cheshire: it had 12 pupils, but the number grew to 19 by the time it was grant-maintained. It was already a successful small school and after it achieved grant-maintained status it became very successful. The head teacher at that time was Allan Ramsdale-Capper, who is now one of my constituents. Let me take this opportunity to pay tribute to him and to all the other headmasters and mistresses of grant-maintained schools who have done so much to improve the education of their pupils. Large schools are often very good, but I want to make it clear that small ones are equally successful and that their position does not need a huge influx of money to keep them going. I believe that decisions are best made by parents, head teachers and governors. The OECD comments that

"the international achievement gap is imposing on the United Kingdom economy an invisible but recurring economic loss".

That needs to be addressed urgently.

When grant-maintained schools were created in the '90s, they were successful, and it was the freedoms they were given that made them so. I should like to say to my right hon. Friend the Secretary of State for Education that I am sure that free schools and academies will be

successes given time, although they will not need that much time. They will be our successes and, most importantly, the successes of parents up and down the country.

7.21 pm

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I think that all hon. Members who are interested in education struggle with the challenges of which we are all aware. We want every child in our country to fulfil their full potential and to garner from education the very best, from which many of us have benefited. I had a very happy educational experience and I wanted the same for my children and now for my growing number of grandchildren. We all want that, but the truth is that we are not doing well enough.

When Labour won the general election in 1997, I could not have been happier with the commitment of our young, new Prime Minister to education, education, education. I watched the performance of Labour Governments for 10 years as the Chair of the Select Committee on Education—indeed, it had three names in that time—and I saw them make tremendous efforts to raise standards and to innovate in order to do so. A great deal was achieved in that time through innovation, new ideas and confronting the truth that many of our young people had been given a pretty bad deal—and not only in the centres of great deprivation. When the Committee looked at Sure Start centres, we had to consider the fact that if one circles the areas of greatest poverty, one does not find the most children in poverty because most of them live outside those areas. That is why we had to have 3,500 children's centres instead of the 500 originally envisaged. There is always this challenge of getting through to the most deprived families and constituents, and that is difficult for any Government.

I am going to be honest: much of the Bill could have come from the previous Labour Administration. I think some colleagues would agree with that. I shall not vote against its Second Reading because I want to make a plea. The longer I chaired the Select Committee, the more I realised that much of what really works comes when we have agreement across the House. One can see that from the history of educational progress in our country. It was true of the Education Act 1944, of the Callaghan speech that was taken up by Ken Baker and of later legislation.

We often throw across the Chamber allegations that the other side is being ideological—Government Members say it about the Opposition and vice versa—but I cannot find any ideology in this Bill. Indeed, if I were to vote against it, it would be because it is a bit of a mish-mash. There are some very good things in it, but there are other things that I do not really like and want to know much more about. I do not like the fact that the Government want to get rid of the Training and Development Agency for Schools, as that would be a retrograde step. I do not agree with what they have said about schools adjudicators or with giving parents less chance to challenge admissions policies and get them changed. The Select Committee worked very hard to persuade the former Government to change the powers of adjudicators and allow them to be called in more easily because we found that many schools, such as faith schools, were evading their responsibilities in terms of fairer admissions policies.

I want to be able to vote for the Bill and I am not going to vote against it today because I want to see whether we can improve it in Committee. However, I get very irritated when I hear about PISA studies and TIMSS—trends in international mathematics and science study—tables and about the OECD. I remember when the hon. Member for Isle of Wight (Mr Turner) and I went to Paris to talk to the OECD about the PISA study. The truth is that many such evaluations are quite flaky and have changed dramatically over the years. When I chaired the Select Committee I was constantly saying that I wanted our country to be compared with other countries such as ours—large, populous countries with high migration and high turnover in inner urban schools. The United States, Germany and France, and perhaps Italy and Spain, would be fairer comparisons for the UK. On that measure, our education system has improved dramatically in the past 13 years. I do not believe the PISA studies showing a cataclysmic decline: I do not believe that is true and I do not think that Ministers believe it either. Let us have some good sense.

When do we get good policy? As you will know from a previous incarnation, Madam Deputy Speaker, it is when it is based on evidence, good research and good experience in similar countries. It is not about pulling off what the Hong Kongs and Chinas of the world have done—or Alberta, which became a country earlier today. Let us learn from countries such as ours, but let us also have high-quality expertise and research. Too many Education Departments are not good enough and they should be better. There should be much more research on why we do not get better results.

Mr Turner: Can the hon. Gentleman explain how it is that PISA put Britain at sixth or seventh in 2000 but at 23rd in 2009, whereas countries such as Canada have stayed at basically the same level?

Mr Sheerman: I take the point, but the basis of those tables has changed.

When all parties have concentrated on what works and on good research, we have come up with early-years education—children's centres and Sure Start. I applaud the idea of reaching out to two-year-olds—the Government are right about that—but not in the context of changing the commitment to Sure Start children's centres. That is good policy based on research and what is really happening.

What if we used the same holistic method as the Dutch to tackle those not in education, employment or training, and tied it to the welfare system? In Holland, people up to the age of 27 can get no welfare benefit unless they are in training and learning the Dutch language. Why not link welfare to training here? Why not make everyone on benefits do something to improve their training, skills and employability and to learn the English language?

One of the problems that we do not consider in this country is the effect on the ability of families to support their children in schools if they have no English language themselves, the television is on in the home language, and then we suffer deprivation in our inner cities. We see a new form of poverty, not the poverty that was found in the shipbuilding and mining areas. The new kind of poverty is based on high turnover. In schools in my inner town, 40% of the children in front of the school today will not be there next year. None of the political parties has examined the new poverty in sufficient detail and come up with policies to deal with it.

[Mr Sheerman]

Too many people in education policy want to live in a mythical golden age that never existed, but also want some ideological determination of what happens. I was taught by Michael Oakeshott, the greatest Conservative philosopher of the 20th century, who believed in the pursuit of intimations. Education policy is best when we pursue the intimations, and very often when we do that across parties. I will not vote against Second Reading tonight.

7.30 pm

Caroline Dinenage (Gosport) (Con): I support the words of the hon. Member for Huddersfield (Mr Sheerman), who made some excellent and even-handed points. No one will be surprised that I support the Bill, not least because it signals a shift of power away from bureaucrats and quangos and back towards those who run our schools.

For too long teachers and head teachers have been dictated to by Government and overloaded with complex bureaucracy and endless initiatives. How can it be that head teachers spend 15 hours a week on unnecessary paperwork—15 hours that do not raise a single teaching standard, improve a single result or support a single pupil?

I want to speak on one particular topic today—Ofsted. We must not undervalue Ofsted, for it does an important job in identifying the quality of schools and informing parents about the choices. However, we should be under no illusions that Ofsted is perfect. There are currently 27 separate headings under which schools are marked during inspections—27 headings, but, as one school told me, the inspectors did not speak to a single child during their visit.

Under the Bill, Ofsted inspections will focus on four key areas—the achievement of pupils, the quality of teaching, leadership and management, and the behaviour and safety of pupils at the school. In today's society it is far too easy to judge a pupil by an exam result or a school by a rigid and complex Ofsted report. The results tell only a part, never the whole story.

Over the past few months, I have visited on average two schools a week. I have 39 schools in my constituency, so I still have a way to go. I am extremely fortunate that the diversity of my constituency gives me a good insight into the challenges that schools face. Not only do I have some schools in nice middle class areas, but I have others that are situated in areas with significant welfare dependency and high levels of multiple deprivation. In some of my schools well over half the children are on free school meals, more than 75% live with just one of their birth parents, and more than 10% are under child protection measures because of neglect or abuse.

Many children experience challenging home lives, sometimes with parents who have drug or alcohol problems or mental health issues. These kids, from an early age, have to get themselves up in the morning, feed themselves, dress themselves and get themselves to school, perhaps with a younger sibling, while their mum might still be in bed. For these children, school is their stability, their comfort zone, a safe haven where they know what to expect and what is expected of them, where they will be secure, nurtured, listened to and cared for, where their needs are put first.

The schools that take children from extremely vulnerable backgrounds often have to do much more than educate them. Often they have to heal them, deal with their issues and address their needs, and give them so much more than numeracy and literacy. Those that are doing this successfully are, to me, the very best schools and the very best teachers of all. The problem with the current system is that after this incredible level of achievement, they might still get only a satisfactory Ofsted report because they have not attained the same high level of results as schools in more affluent areas.

That must be incredibly demoralising for the amazing teachers and governors who pour so much of themselves into supporting the most vulnerable children. What incentive is there for more able teachers and heads to take jobs in the most challenging of schools, which should surely be the most rewarding of roles, when they know that all their effort could be seen as merely satisfactory?

Reforms to Ofsted inspections will help to prevent that. Of course grades and results are important, but there is hope that for the first time it will be more than the end result that is considered. It will be possible to achieve good Ofsted reports in certain circumstances by demonstrating the true progress that has been made, measuring achievement from where the school started, not just where it ends up. Ofsted must be more sophisticated in recognising the social justice agenda, not just performance levels.

In many schools, the move away from mainstream academic subjects such as modern languages could be laid partly at the door of Ofsted. The constant focus on performance levels and grades achieved, irrespective of the subject matter, means that curriculums have been altered to please Ofsted. In my constituency there are senior schools in which no one is studying a modern language, yet classes are crammed with pupils studying for a GCSE in dance. We will become a nation of people who can glide sure-footedly through the streets of the cities of the world, but unable to communicate with a soul who lives there.

The Bill removes the requirement for Ofsted to inspect every school, enabling more resources to be concentrated on the underperforming schools. This will lead to more targeted inspections, so schools in need of support will get the help that they require to progress and show that progress is being made. Above all, the Bill sends parents the message that allowing every child to flourish and be the very best that they can is at the heart of Government thinking. It sends heads the message that the Government prize educating more than ticking boxes and filling forms, and it sends teachers the message that the Government value teachers and understand that nothing is more important than attracting great people into teaching. That is why I will support the Bill.

7.36 pm

Mrs Jenny Chapman (Darlington) (Lab): I congratulate the hon. Member for Gosport (Caroline Dinenage) on her brief speech. I shall endeavour to be brief also. I was struck by the comments of my hon. Friend the Member for Huddersfield (Mr Sheerman). I agreed with much of what he said.

I want to take colleagues on a journey to a not particularly closely examined part of the Bill, which deals with children's trusts. Before I do that, I want to

say something about social mobility. The Secretary of State often speaks about social mobility in a way that might lead people to think that he understood it. However, he refers only to statistics on free school meal take-up and admission to Oxford and Cambridge. In my constituency, Darlington, five or six years ago, there were one or two wards where a young woman of 18 or 19 would be more likely to be a mother than to be a student in higher education. I can report with great pride that that is no longer the case. Teenage pregnancies are reducing and participation in higher education in those wards is improving. That needs to be taken into account when we discuss social mobility in the House.

It is not right to portray Labour as the party that resists academies and is against them. Academies are a Labour initiative. *[Interruption.]* Alan Milburn, indeed. I am pleased that the remaining schools in my constituency that are not yet academies will become academies. I support them in that and I am pleased to see them aspiring to take that step.

Part 5 removes the duty on local authorities to establish children's trusts. Let me remind the House of the origins of children's trusts. In 2001 Lord Laming wrote a report commissioned by the former Secretary of State for Education, my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett), and the former Secretary of State for Health, Alan Milburn. The report examined the murder of Victoria Climbié in north-west London. One of the key findings was that the various agencies that should have the safeguarding of children at the forefront of their minds were not able to protect that eight-year-old girl.

I quote from Lord Laming's recommendations:

"Each local authority with social services responsibilities must establish a Committee of Members for Children and Families with lay members drawn from the management committees of each of the key services. This Committee must ensure the services to children and families are properly co-ordinated and that the inter-agency dimension of this work is being managed effectively."

I do not think that anything that Lord Laming found in 2001 has changed. It is probably more important now that services are co-ordinated and integrated better than they were then.

The Children Act 2004 placed local authorities under a duty to make arrangements to co-operate and promote the safeguarding of children, including the sharing of resources, money and information. I am pleased that Darlington was an early adopter of the children's trust model before it became a statutory requirement. The success from 2004 obviously differed between agency areas, which was partly because the model was optional and so some areas, such as Surrey, did not take up the recommendation as quickly as they might have done. As a former lead member for children's services in Darlington and a former chair of its children's trust, I remember attending a training course with the lead member for children's services from Surrey county council and its chair of scrutiny, who were utterly perplexed by the idea that those services would need to work quite so closely together.

In 2008 it was realised, following consultation, that strengthening was needed, so all local authorities were required to set up trusts and "duty to co-operate" partners were expanded. Schools were included in that duty to co-operate, and it would be surprising if they were not, as they are best placed to know when things are going wrong and should, if anything, be better supported by the wider children's services and properly involved in commissioning services.

In November 2010, Ofsted undertook to study six children's trusts, Darlington being one of them, to find out whether this children's trust business was all just bureaucracy and a load of nonsense that was having no impact. As chair of the children's trust, I was relieved to find that what we were doing was having an effect. Ofsted concluded:

"Children's Trusts were providing more integrated front-line services that were linked closely to and responded to local needs... Trust boards showed considerable flexibility and willingness to find common ground from which to move services forward. They showed strong commitment to intervention and prevention",

of which everyone is saying they would like to see more.

"They worked effectively in a complex environment which involved different performance targets, priorities and ways of providing services."

I am proud to have been chair of Darlington children's trust at the time of that inspection and to have worked closely with the superb director of children's services, Murray Rose. Our children's trust was highlighted as an example of best practice. Success has not been replicated in every local authority, so we need to take lessons from the areas that have managed to make this work well for the benefit of children and families, rather than scrapping the whole infrastructure.

In conclusion, and in case anyone thinks that this is some sort of romantic ideal of mine that services should work together properly, I should point out that Ofsted found some tangible outcomes from Darlington's children's trust: a rise in the number of young people screened for chlamydia as a result of closer working between schools and health services; a reduction of more than 20% in teenage pregnancy rates; improvements in long-term stability of placements for looked-after children, an area that is close to my heart; the continued improvement of GCSE performance; importantly, an increase in the number of children receiving free school meals who achieve qualifications at age 19; and, most significantly, a reduction in the achievement gap at level 3 at age 19 between young people who had received free school meals and those who had not. I am proud of Darlington's achievements and would like the Government to reconsider abolishing children's trusts.

7.44 pm

Charlotte Leslie (Bristol North West) (Con): I have changed my speech; I have rewritten it while listening to the debate. I was going to talk about the free school bid in Bristol and my hope that the local council would give parents what they wanted: an all-through school. I was also going to make a plea to the Front-Bench team to consider my idea for a trigger for a special needs assessment after a certain number of exclusions to see whether something was wrong with the original assessment. However, I am not going to talk about any of that, because I want to address something else which has been at the heart of the debate: appearance versus reality.

The hon. Member for Huddersfield (Mr Sheerman) talked about ideology and appearance and the importance of evidence, and I could not agree more with him. I know that Opposition Members are concerned about social mobility, as are Government Members, and I saw their bleak faces when the Secretary of State illustrated

[Charlotte Leslie]

the awful situation facing children on free school meals and their lack of opportunity in comparison with their richer counterparts. I know that they are concerned, so we must ask how we deal with that.

In asking that question, we cannot shy away from things that might not be ideologically to our liking. International league tables are so important, because there is a tendency to get caught up in a self-referential bubble of success, of exam results getting ever better. Our young people always work hard, and I believe that the cohort of young people in the country today is every bit as good as that in the 1950s, but that is not the point. The point is this: what is the objective reality of the qualifications that we are offering those young people? We must look at those measures to work out what is going on and then what we can do about it.

I will re-rehearse the statistics. I understand that statistics always have wriggle room, but I do not think that Members can argue with the general thrust of the statistics from the OECD programme for international student assessment. They show that the UK has moved from fourth to 16th in science; from seventh to 25th in literacy; and from eighth to 28th in maths. I thank my hon. Friend the Member for Isle of Wight (Mr Turner) for his brilliant breakdown of those figures and their background. The worst thing about that is that it is the poorest who suffer, and we have to look at why that is so. That is why the idea of an English baccalaureate is so interesting and crucial. The fact of the matter is that the poorest suffer in the curriculum. The evidence is overwhelming that those who go to state schools in deprived areas do not have access to the kind of academic subjects available to those who go to state schools in better-off areas or to private schools. That is because struggling schools have perverse incentives to put their pupils through qualifications that lead to equivalents so that they look good in the league tables. We cannot blame them for that, because it is obvious why they do it. The English baccalaureate is an attempt to offset that perverse incentive.

Mel Stride: Does my hon. Friend agree that the fact that apparently only 4% of young people receiving free school meals would currently qualify for the English baccalaureate illustrates her point?

Charlotte Leslie: I agree absolutely, and my hon. Friend anticipates my point. The English baccalaureate shines a cold and difficult light of reality on what is going on. I will ask a question that Members might expect to come from the Labour Benches: why is it that, because I went to a private school, I was able to study Latin and a range of academic subjects which friends of mine who did not go to private schools were not able to study? When I applied for difficult and competitive jobs in television, I was told time and again that Latin looked interesting on my CV. Why was I given that opportunity and my friends at state schools were not? I do not think that that is fair. I make no apology for a system that will enable people from less well-off schools to study academic subjects, because it is resetting a balance. It is a case not of having either academic or vocational subjects, but of having both. It is really very simple.

If we look at the other objective measures of what is going on, we see that universities have courses that they value. I have a concern that our schools, in their bid to look good in the league tables, are pushing our children through courses that the universities do not value as much. The statistics show that only 1% of children on free school meals are going on to Russell group universities. That is not because those children are any less able than their counterparts, but because we have got something wrong.

I would like to run through a few scenarios that I have come across to add colour to what I am saying. First, there is a boy in my constituency who went to a school in one of the more deprived wards, and he was prevented from taking physics. He was an incredibly bright chap and wanted to study physics, but he was prevented from doing so, which was awful. Secondly, the head who took over that same school recently said to me how despairing he was that he had bright students who had been told that they would do only vocational courses. Vocational courses are obviously equally important—someone had to build the building we are in now—but that does not mean that academically able children should not be able to pursue their course in life as well.

Thirdly, we do not have the vocational element right. I do not even like the name "vocational", because a vocation is what one does, so one can have a vocation as a brain surgeon, as a plumber and even as an MP, but "vocational", which has slipped into the political language, is a euphemism for manual, practical and technical skills and crafts.

Kevin Brennan: That is what the Secretary of State said.

Charlotte Leslie: Is it? Well, I am pleased to be in agreement with him. It bodes well.

To illustrate that point, I recall talking to a young offender in a young offenders institute. I asked him how he ended up there, expecting him just to be a bad sort, but he said, "I was really interested in electronics. I wanted to be an electrician, but every time I thought I was going to do something practical about electronics, they gave me paper about it." He said, "I can't do the paper; I can do the thing." That is how we have failed—for 13 years and more—a whole generation of people whose skills lie in the practical and technical fields. I could go on about how restoring discipline in our schools will help most those on free school meals, and about how discipline problems are highest in schools in deprived areas, but I will not.

I finish with a plea, because I know that Opposition Members are as concerned as we are about the matter. We cannot any more afford the luxury of well-meaning idealism, and we cannot afford to refuse to face difficult realities, because the reality that we refuse to face is the reality that faces our poorest children throughout the country, every day and for the rest of their lives.

7.51 pm

Julie Hilling (Bolton West) (Lab): With so much in the Bill, it is difficult to know where to start. Some of it, such as the intention to give anonymity to teachers accused by pupils, is welcome. There are too many cases in which innocent teachers have had their careers and, sometimes, their lives ruined or, even worse, lost their lives, because of false accusations and malicious gossip,

but such anonymity should be extended to support staff and to teachers and support staff in colleges, because they are equally vulnerable to accusations. I hope that the Bill will be amended to include them.

Much of the Bill is, however, unwelcome. The abolition of the school support staff negotiating body is a real step backwards for the professionalisation of school support staff, making those workers—predominantly women—vulnerable to a return to poor wages and poor terms and conditions. Setting a core contract and developing a qualification framework has been fundamental in making support staff an integral part of our school landscape, but the Bill will reverse that progress, and is it the thin end of the wedge? Academies are being actively dissuaded from signing up to national terms and conditions for teachers, so will teachers become the next group to be thrown to the market?

So much of the Bill seems to roll back the progress that has been made. It represents a view of education that does not match today's reality. In most parts of the country, we no longer separate children at 11 years old, creaming off just a few for grammar school education while giving the rest a shorter, cheaper education. Now, we have a more equal education system, in which we try to enable all young people to fulfil their potential. We said that we need 50% of our children to be educated to degree level, but what about the other 50%?

We have very few low-skilled jobs left in our economy, and we need young people to be educated so that they are ready for the higher-skilled jobs that we do have. I therefore really do not understand why the Government are proposing a very narrow English baccalaureate and abandoning diplomas. Where is the research and evidence that those are the subjects that society and employers need? Why those narrow subjects? Should not education develop skills in investigation, analysis and comprehension? Is it not more important, therefore, that we have a range of equivalent subjects rather than a narrow definition?

As a scientist, I stopped doing history and geography in year 8. Is the Secretary of State saying that those subjects are better than the physics and chemistry that I did? Young people need a broad and balanced curriculum, not one based on the narrow views of a few individuals. We also need to recognise that different children and young people learn differently. Some are perfectly happy to listen and absorb information, but others need to learn by doing. The diplomas would have opened up different routes for young people to learn—and to learn things that employers want.

I met a group of apprentices in Parliament yesterday from my constituency. They work for MBDA, a company that manufactures missiles. It is clearly very high-tech engineering, and the company has a fantastic apprenticeship programme. Those apprentices will all do ONDs, HNDs and NVQs, which the company very much values, because they judge what the apprentice can actually do, not just what they can write on paper.

Many will also do a degree as part of their apprenticeship. I asked them why they decided to go down the apprenticeship route, and part of the reason was the fear that, if they went to university, they would just be hugely in debt and then possibly unable to get a job. They also did so because they preferred to learn by doing and to put theory into practice on a daily basis. I asked their training officer and their managing director what subjects they needed young people to learn in schools. They said they wanted maths, English and science, but they also believed that technology was essential. Why will the Secretary of State not listen to employers, such as MBDA, which are the highly technical, high-value manufacturers that our economy needs?

Moving on, I am as confused as the Bill appears to be about the future of careers guidance. As we speak, Connexions personal advisers all over the country are getting their redundancy notices. Of course, Connexions is more than careers guidance. It is also about working with young people who are either not in employment, education or training, or at risk of becoming a NEET, to help them to reach their full potential; and it is about working in partnership with schools and other agencies.

The Bill states that schools have to provide independent careers guidance, but that the school does not have to pass on information about the pupil to the adviser. The Department has announced the introduction of an all-age careers service later in the year, but as yet we have no details about it, and local authorities currently have a duty to provide the Connexions service. That part of the Bill appears to be an ill-thought-out mess. Surely the sensible thing to do is to fund Connexions until its staff can be transferred to the new all-age service, keeping intact all those years of experience and the expertise of careers advisers, with the service then having a duty to provide careers advice in schools and continuing to provide a much-needed service to young people. As one of the young female engineering apprentices said yesterday, "How will young people like me know about the option for apprenticeships like this if they don't get good careers advice?"

Finally, I have concerns about education funding. Whether the schools budget is being cut or growing is for somebody else to argue, because there is no question but that funding for other parts of education has been slashed. All other funding streams have been put into the early intervention grant, covering such things as Sure Start, Connexions, teenage pregnancy, substance misuse and youth services—a much reduced pot of money compared with the original funding. The Government state that they are

"freeing local authorities to focus on essential frontline services".

The reality is that, instead of devolving power, they are devolving cuts.

What we are seeing nationally is the utter destruction of youth work, both in maintained youth services and in the voluntary sector. The Education and Inspections Act 2006 gave statutory responsibility to local authorities to provide positive activities for young people, and to consult them about the services that should be delivered. The Bill appears to be silent on youth services, but surely there is a responsibility to ensure that youth services are delivered and young people consulted.

This Saturday, 30 national organisations and 1,000 young people representing hundreds of thousands of users of youth services will meet in Solihull to discuss the demise of the youth service. Some local authorities have shut their youth services altogether; many face 50% to 80% cuts. Unless the Government act, many parts of the country will have no youth service, nowhere for young people to go, nothing for them to do and, even more importantly, no one providing the informal education and support that is so vital to young people's development. I beg the Minister to intervene to save the youth service.

7.58 pm

Richard Fuller (Bedford) (Con): I look forward to supporting this Bill with gusto on behalf of all my constituents. It is, indeed, a landmark Bill. Historic? Well, not quite historic. Landmark, I think, is better, but the canon of my right hon. Friend's work as Secretary of State for Education will truly be seen as historic as time passes.

It has been interesting to sit on the Government Benches and hear not only the speeches recognising that the Bill honours, empowers and respects our head teachers, but the observations of right hon. and hon. Opposition Members and the real divisions within the Labour party over the Bill, which is really the continuation of a journey that their Government started. There are divisions between those who believed then and believe now; those who believed then and are now just a little bit iffy; and those who never believed in the first place and certainly do not now. It has been very interesting to hear the observations about those divisions in the Labour party. It is welcome, however, to hear that Labour Members will be supporting the Bill.

One part of the Bill that is extraordinarily useful and valuable is the requirement for local authorities to fund early-years teaching for the most disadvantaged. That will come as welcome news to the governing boards and teachers at Cherry Trees, Peter Pan and Southway nurseries in Cauldwell ward, one of the most deprived parts of my town, which are suffering cuts from the Liberal Democrat-controlled council. I hope that we can move this measure forward quickly so that they can see that there is some hope for their funding in future.

If we are moving forward with the reading test at the age of six, which my hon. Friend the Member for Stevenage (Stephen McPartland) welcomed, I hope that my hon. Friend the Minister and his colleagues will ensure that they maintain the grants that are extraordinarily important for children who do not have English as a primary language at home. At two primary schools in my constituency, Priory lower school and Queens Park lower school, well over 80% of pupils do not have English as a primary language. We must maintain the ethnic minority achievement grants for families where English is not the primary language spoken at home. I also draw the Minister's attention to issues of exclusion, which were mentioned by the shadow Secretary of State. The National Autistic Society says that for children with autism the exclusion rate is 27%, but for the rest of the population it is 4%. That is a major difference that requires further consideration.

My main concerns are about the proposals on academies and free schools. I like the fact that the Bill enables schools, each in their own time, to move towards becoming an academy. The Bill gives them that freedom, which they did not have before it was proposed and will not have until it is passed. I urge us all to think about talking to our own local authorities. As this strong movement towards academies moves forward, there will come a tipping point when local authorities no longer have the critical mass to offer the services they provide to the remaining schools. That is not a reason to hold back on this new-found freedom for head teachers, but a push for us to ensure that our local authorities are thinking ahead about what they will do next.

The Bill overcomes inertia and intransigence and promotes inspiration. I know, Mr Deputy Speaker, that you will want me to give local examples of those three things, so I will accede to that. Let me start with inertia, which comes from the local authorities. As the shadow Secretary of State desperately tried not to be on the wrong side of history, he may have put a bit too much reliance on the record of local authorities. A total of 216 schools across the country are below the national minimum standard. That gives hon. Members a one in three chance of having one in their constituency. I inherited two: that was the record that my local authority bequeathed to me when I became the Member of Parliament.

I am not going to stand for that in my constituency. One of them, John Bunyan school, had been trailing at 19% and the low 20%s—at the lowest point, 9%—in terms of students who were achieving the minimum level of five GCSEs, including English and maths. Parents were voting with their feet, and its pupil numbers rolled down from 900 to 600. The school then became an academy. It has taken the action, and parents are responding. Now, its application rate makes it a 1,200-pupil school. Parents want this. They see that academies are a way of breaking down the inertia of local authorities, and I can see that in my town.

We have seen intransigence from the more extreme, unreconstructed class warriors or defenders of their own self-interest—by that I mean those at the Anti Academies Alliance and their fellow travellers at the Local Schools Network, who are, around the country, doing a great disservice to parents by distorting information, in some circumstances possibly to the extent of giving misinformation, about what academies and free schools are trying to do. They are also indulging in highly personalised attacks against people who want to establish academies and free schools—attacks they would never allow on members of their own union. We have seen that in Battersea, in Stourbridge, in Hammersmith and in my own constituency.

It is time that those people stopped acting as bovver boys for a Labour leadership who do not want their fingerprints on the crime of attacking people who have educational inspiration for their communities. I challenge the Labour leadership, in this debate, to draw the campaign by those groups to a close. There should be no more misinformation and no more attacks on people who are in the proudest tradition of trying to establish educational excellence in some of the most deprived areas of the country. In a blog for the Local Schools Network, the author refers to a debate in my town in which someone said of Mark Lehain, who has established a free school,

> "Does he truly believe that local LA heads and teachers…are going to willingly and regularly exchange pleasantries?"

Well, I have got news for that person: we do things differently in Bedford and Kempston. I am very proud of our head teachers, 34 of whom came down here to make their case to the Secretary of State. We do things as a team in Bedford. Head teachers share what they learn from each other and grow together. I am very proud to say that that exchange partnership is going to welcome the head teacher of the free school, when it is established, as part of the family of schools. That is part of showing the way forward. That is the inspiration that we need, and that is what this Bill provides.

8.6 pm

Roberta Blackman-Woods (City of Durham) (Lab): Like the hon. Member for Bristol North West (Charlotte Leslie), I have changed some of what I was going to say, because I want to respond some of the outrageous and inaccurate comments made about Labour's record in office with regard to education.

I want, however, to start a bit earlier than that—in the early 1990s, when I was vice-chair of education in Newcastle. I think that Conservative Members need a history lesson about what we inherited from the previous Tory Government. For very many years, because of budget cuts, all that we did when we met as an education committee was to take money out of the education system. We made teachers redundant, and we made class sizes larger and larger as the teachers disappeared, so that in the end we often had 48 or 50 pupils in our classes. When schools came to us with a request to do something about their roof leaking, we did not tell them how much money they would get or how many years it would take to mend it—we said "Go and buy buckets because there is no capital allowance for schools." The outcome was that in my constituency and in many areas like it, 30% of young people or fewer got five A to C grades at GCSE in any subject. This generation was, in many ways, failed by that Tory Government.

When Labour came to office, we had to do something to try to reverse that dreadful situation, and we did. In my constituency, education was transformed under the Labour Government. We not only employed lots more teachers so that we could get more specialisms into schools, but reduced class sizes drastically. We did not waste money: we built new schools, which were absolutely necessary because of the appalling state of the school estate that we inherited. Most important of all, we improved qualifications so that by last year young people in my constituency were doing better than the national average for five A to C grades at GCSE, including maths and English. That was the reality under Labour, and it is an important legacy that I hope this Government will build on, rather than simply being trashed by Government Members.

In the time left, it is impossible to go through the Bill in any detail, but there are a few overriding considerations. The first is about the number of powers that are centralised in the Bill that previously resided with parents, schools, teaching agencies, the admissions adjudicator and the admissions forum. I do not see how the Bill is devolving powers to schools. Secondly, there is a lack of any clear direction on vocational skills. Thirdly, a number of the proposals could make the education system more unfair, not less.

I will start with part 8, which contains clauses 70 and 71. On Friday morning, I visited New College Durham in my constituency to discuss with 16 and 17-year-olds what they felt about the abolition of the education maintenance allowance and the introduction of the new tuition fees system. Clauses 70 and 71 are important in operationalising part of that new student funding system. I do not think that that should be done in a Bill such as this and outside the White Paper on higher education. I totally disagree with the market rates that are being introduced for student loans. It was quickly apparent on talking to the young people that fees of £9,000 would put them off even thinking about continuing their education. They cannot comprehend the sums involved—£27,000 on fees alone. When that is coupled with the payback on market interest rates, they just cannot believe that a Government of any description would ask for something that so dampens their aspirations. It was dreadful to witness that. I hope that, even at this late stage, the Government will think again about introducing this appalling and unfair system of student funding.

We have to look wider than just some poor students getting to Oxford and Cambridge. I am getting fed up with how much I hear about that in this House. Although that is important and although I want students from poorer backgrounds to go to Oxford and Cambridge, I want every young person who would benefit from it to go to higher education at the institution that suits them. Unfortunately, I do not think that will be possible with the Government proposals.

I will make a couple of points about early years and charges. I would like an explanation from the Minister about what clause 35 means and what the impact of introducing different levels of charges for services is likely to be on children. For example, people will pay a range of sums of money for milk or school meals. How that is implemented will be important, because there is a lot of stigma when some children get things free and others have to pay.

I am sorry that the Government did not take the opportunity to use the Bill to extend free school meals and to extend the pilots of universal free school meals to all areas. There is an obsession with how schools impact on children and young people, without seeing the wider context within which they live. Children need to be properly fed, and to have good parenting, housing and health to thrive in schools. They need adequate support to enable them to overcome difficulties. It is a pity that when the Government looked at Sweden's free schools, they did not look at its excellent free school meals system.

8.14 pm

John Glen (Salisbury) (Con): I will make four points on four aspects of the Bill.

In Salisbury, I am blessed with some amazing schools, from the Trafalgar school at Downton in the south to Stonehenge school in the north. I have visited them all at least twice since I was elected. The school I am most proud of is Sarum academy, which operates in one of the most challenging communities in my constituency. When I first visited it a few months after being elected last summer, the headmaster would not show me round the school. He sat me down and explained many of the difficulties he had encountered. To his credit, he had made great progress in the previous 12 months in meeting some of the targets that had been set for him.

A few months later, I visited the school again. The excellent new principal, Ruth Johnson, took delight in showing me round, perhaps because she was keen for me to take up the case for greater investment in the school. I am pleased to say that the Government duly heard those pleas and money has been forthcoming. She said that what was critical was not only the investment in buildings—I acknowledge what the previous speaker said about that sometimes being critical to lift the morale of teachers and pupils—but the discipline that she was able to instil because of the culture of the school.

[John Glen]

I welcome the provisions of the Bill, which give massive encouragement to teachers who have been struggling with discipline and pupil behaviour in recent years. It may be true, as was said by those on the Opposition Front Bench, that the cut in advertising will have an impact on recruitment. However, I suspect that the bigger reason for the drop in the number of people who want to go into the profession is that they have been unhappy at the level of discipline that they have had to deal with, and the level of support that they have been given, in the classroom. I am delighted that the Bill gives teachers practical powers to search and confiscate possessions when there are reasonable grounds for suspecting the possession of prohibited items. They need that detailed provision to deal with some of the situations that they face. It is a scandal that a quarter of school staff have been subject to false allegations. It is important and welcome that teachers will be able to impose detentions immediately, without having to give 24 hours' notice.

The Bill could go further. Like other Members, I am concerned about the provision for excluded children, particularly those who suffer from special educational needs and who need extra provision. I hope that when the Government bring forward proposals in this area, there is special investment for individual children who need extra help from the state. Vulnerable children who are excluded still have to access education and support. For the past six months, I have been battling along with my constituents Stuart and Emma Verdin to secure the right provision for their son James, and it has not been an easy process. Finding the appropriate discretion and finance for such individual cases needs to be taken seriously.

I am delighted by the provisions on raising standards in schools. Currently, I do not think that educational standards have the full confidence of employers, parents and universities, particularly with respect to the examinations system. There seems to have been a conspiracy of affirmation that does not acknowledge the reality of grade inflation over the past 20 years. Every summer, every politician goes out of their way to praise the improvement in the quality of teaching. Some of that must be true, but I am not convinced that it is all true. Schools are choosing less rigorous subjects for their pupils to ensure that their league table position is maintained. That is not healthy. The provision for Ofqual to ensure that attainment standards are improved is welcome.

I urge the Government to think again about the great contribution that religious studies could make to the English baccalaureate curriculum. I have been lobbied about the matter by a number of my constituents, and having studied the subject myself to the age of 18, I believe that it is of great assistance to critical thinking, teaching pupils to respect themselves and other religions, beliefs and cultures.

I welcome, too, the simplification of the scrutiny process and the fact that Ofsted inspections will focus on four key areas. I welcome the fact that outstanding schools such as Bishop Wordsworth's grammar school in my constituency—soon to be, if not already, an academy—will not need to be inspected unless their performance indicators fall. That seems to me a reasonable and practical step for schools that do not need masses of attention from regulators and scrutiny by the state.

I shall finish by addressing early-years provision. I echo the comments of my hon. Friend the Member for Erewash (Jessica Lee), who endorsed the Bill's provision of free early-years education for two-year-olds. It is critical that the Government have a joined-up policy across education and welfare reform, which we will discuss in a couple of weeks, to ensure that poor children do not become poor adults. I endorse the report by the right hon. Member for Birkenhead (Mr Field), who has done so much to raise awareness of the critical importance of that issue.

We need to go further in recognising that there is too much micro-management in early-years provision. I remember visiting a school in my constituency last autumn and seeing pads of yellow Post-it notes lined up as the teachers and teachers' assistants were getting ready to photograph every single element of behaviour in order to demonstrate change. It is right that parents want to see some evidence of progress, but do they really need a blow-by-blow account of every time their four-year-old blows his or her nose?

The Bill will make a massive contribution for children in this country and in my constituency. I have suggested a few improvements, but I welcome it massively. Those improvements can be taken on in Committee, and the Bill will make a massive contribution to education in this country.

8.22 pm

Pat Glass (North West Durham) (Lab): There are elements of the Bill that I welcome. I like the parts that are intended to ensure that full funding follows an excluded child from their school. Too often, some schools have simply washed their hands of children with difficulties and problems, and hopefully the Bill will make schools think carefully, and financially, before doing so in future.

I also like the plans that will, we hope, ensure that schools remain responsible for the educational outcomes of children they exclude. I have visited very many schools over very many years, from the smallest nursery schools to the highest-achieving grammar schools to the most specialist behaviour schools, and eventually the conversation always gets round to behaviour. At almost every school, I have been told at some point, "If you could just take away the five most difficult children, everything would be wonderful." But teachers know, and I know, that if they took away the five most difficult children, the next five would simply rise to the surface.

Only when schools start to deal properly with their difficulties in the quality of teaching and learning, and introduce consistent approaches to behaviour and staff training, do they begin to feel confident in their ability to manage behavioural problems. I hope that preventing schools from simply washing their hands of the difficult children will make all schools begin a proper internal dialogue about those issues. I also welcome plans to provide anonymity to teachers accused by pupils until they are charged, and I hope that the Government will consider extending that to all school staff.

Given that I welcome some clauses in the Bill, I hope that Members will see that my remarks today are not about opposition for opposition's sake but about making the Bill better for all children and young people, their schools and their families.

I wish to focus for a while on early intervention. We all know that there is an enormous body of evidence to support it, not least that provided to the House in recent months and years by the right hon. Member for Haltemprice and Howden (Mr Davis), my hon. Friend the Member for Nottingham North (Mr Allen) and my right hon. Friend the Member for Birkenhead (Mr Field). As we all know, early intervention means not just intervention in the early years but intervention with children and young people as soon as a difficulty becomes apparent, whether that is when a special educational need is suspected, when other barriers to learning become clear or when the safety and well-being of a child or young person is suspected to be at risk.

The Bill is full of good intentions about early years and early intervention, but it cannot be separated from the reality of, in some cases, biblical-sized cuts facing local authorities. In the early years, Sure Start is widely recognised as a distinctive and increasingly important service that plays an essential role in helping our children get the right start in life and ensuring that they are ready to learn when they start school. Both the Prime Minister and the Deputy Prime Minister have made personal promises to keep Sure Start centres open. Even since the election, they have said that they do not want any to close, yet there are to be significant budget cuts that will mean the removal of funding for Sure Start and the ring-fencing that would have protected those centres.

The Government have said that they are safeguarding Sure Start funding, but they have cleverly rolled together 10 separate and previously ring-fenced budgets, including that for Sure Start, into their new early-intervention grant. That budget will increase to £2.2 billion in 2014, but they have dictated that that money has to support not only Sure Start centres but the cost of extending free education to two-year-olds; the cost of short breaks for disabled and vulnerable children; all support programmes targeted at preventing children from engaging in crime; all support programmes targeted at tackling substance misuse; all teenage pregnancy support programmes; programmes for children with mental health problems and learning difficulties; and all transition arrangements. It also has to support all behaviour support services in schools and local authorities; child and adolescent mental health services; children's community paramedic services such as speech therapy; special educational needs services; and youth services.

For the Government to say that they are providing funding to support Sure Start and early intervention is not only wrong, given the current financial situation facing local authorities, but insulting. They are tying the hands of local authorities by slashing their budgets, while at the same time washing their hands of any proper support. Closures in the children's centre network are inevitable.

Although I welcome some things in the Bill, some matters are missing from it that would have benefited it. I urge the Secretary of State to include measures to ensure that all schools take their fair share of pupils from poorer homes and those with special educational needs. All that we have had so far is a promise to simplify the admissions code of practice, but for many parents there are real concerns that "simplify" will mean "make opaque", and that it will therefore be easier for schools regarded as good or outstanding effectively to exclude those groups of children through their admissions policies.

I also urge the Secretary of State to amend the Ofsted framework to ensure that all schools are properly held to account for all children's outcomes. That can be done by including a limiting judgment that ensures that no school can be designated an outstanding school if it cannot demonstrate, first, that it takes its fair share of pupils from poorer homes and pupils with SEN, and secondly, that it is narrowing the gap between the achievements of those children and the most able in the school. In my view, that is what makes an outstanding school. Those would be real sanctions, and I recommend them to the Secretary of State if he is serious about improving outcomes for vulnerable children and those from poor homes.

As well as clauses that are missing from the Bill, there are those with which I disagree outright, including the ones that reduce the powers of independent exclusions panels. They will have a direct detrimental effect on children with SEN, particularly those with hearing impairments, autism, attention deficit hyperactivity disorder, Tourette's syndrome, epilepsy and diabetes. There is a known link with behaviour when those conditions are not properly addressed. The Select Committee on Education looked at that in some detail recently, and I recall that not even one witness from across the educational divide felt that the reduction of those powers was a good thing.

I disagree with the measures that seek to remove the requirement to give 24 hours' notice of detention. That is at best disrespectful to parents, and at worst a child safeguarding issue. I also disagree with the measures that repeal the duty on schools to co-operate with local authorities and those that repeal the duty on schools to have regard to children and young people's plans. As I said in an intervention, those duties have had a significant impact in reducing the number of serious case reviews in the middle years—from when a child starts school to the middle teenage years.

Finally, there is much in the Bill to recommend it, but there is much that I ask the Government to reconsider.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. I call Chris Pincher.

Hon. Members: Hear, hear!

8.30 pm

Christopher Pincher: Thank you, Mr Deputy Speaker, and to my dwindling number of fans in the Chamber for that unsolicited testimonial. I am grateful to have the opportunity to speak on Second Reading of this wide-ranging Bill. In the interests of time—the fickle finger of fate is working against us—I shall focus my remarks on one aspect of education that is essential to its success: the need to drive greater aspiration.

In Tamworth, we face a real challenge to encourage aspiration among our young people, because historically we have not had the sort of GCSE and A-level results that we could and should have had. However, parents, pupils and teachers are prepared to meet that challenge if they are given the tools with which to do the job.

[Christopher Pincher]

There are three essential tools to driving up aspiration among our young people, the first of which is restoring discipline in our classrooms. I do not want to go on too much about that—my hon. Friend the Member for Reading East (Mr Wilson) has already spoken very eloquently about it—but we know that without good discipline, there cannot be good education. We heard the statistics. There are some 18,000 assaults on teachers each year, resulting in pupils being suspended or excluded, and that does not begin to describe the pain and fear that members of the teaching profession feel when those assaults happen.

Such indiscipline drives teachers out of the classroom, but it also distracts good children from their studies and means that the kids who really need help—the disadvantaged ones—do not even get into the classroom in the first place to be taught. I therefore welcome my right hon. Friend the Secretary of State's announcement that the 24-hour notice period for detention will be abolished. That will give detention real teeth. I am pleased that we will encourage ex-members of the armed forces into the teaching profession, because they have dedication and enthusiasm and they know a little bit about discipline. I am also pleased that we will free-up pupil referral units, particularly in respect of my own excellent PRU at Two Rivers in Tamworth, to give them the opportunity to use their expertise to stem the tide of disruptive pupils who end up on the NEETs scrap heap.

We also need to use teachers. The Secretary of State paid tribute to them, as I do. We have some fantastic teachers in Tamworth, including a great set of maths A-level teachers at Belgrave high school. When I go to see my primary school heads at their quarterly meetings, I see the enthusiasm that they have for their subjects.

However, those professional people are burdened by bureaucracy. It is our responsibility to remove that burden of responsibility from our head teachers and other teachers, so that they can get on and do what they really want to do, which is to teach. That is what the Secretary of State will do. I also think that freeing-up schools via the academies programme encourages good teachers to stay in the profession and the recruitment of good teachers. We have one academy school in Tamworth, but by the end of next year all our secondary schools should be academies. Teachers in Tamworth are embracing freedom and the choice that freedom gives them.

It is important to stress vertical integration between primary and secondary schools. In Tamworth, we still have kids going into secondary school aged 11 who have a reading age of eight. Some even have reading ages of seven. I suppose that after 13 years in government, Labour might call that progressive. However, I do not think it is good enough, because it means that kids in that situation, entering Belgrave school, Wilnecote school, Queen Elizabeth's Mercian school, Rawlett school or wherever, start at a disadvantage, and many of them will never catch up but will be put on the NEETs scrap heap.

I hope that my hon. Friend the Minister will take note of this point, because we have discussed it before. We need to encourage greater linkage between primary and secondary schools, even joining them up, so that secondary and primary school teachers can work together to identify the children who need help and raise them up so that they are ready to go to secondary school and have the same chances as the other kids. Going to secondary school should be like going up a gentle incline; it should not be like facing a sheer cliff face. I hope that he will take that point onboard.

I should like to say one more thing about secondary school education and the need for greater aspiration. It is something that is not actually in the Bill, so I hope that my hon. Friend the Minister, in his winding-up speech, will make some remarks about it. Since the Butler Act—the Education Act 1944—we have clung to the antiquated notion that A-level students should apply to university six months before they sit the examinations that will determine whether they go. It is strange that the hopes and aspirations of young people should be determined by the educated guesses of their teachers, rather than their own merits. The fact is that they are just educated guesses: 55% of predicted grades, on which universities make their conditional offers, turn out to be wrong, and it is the most disadvantaged children who suffer, because of the kids doing A-levels in the lowest socio-economic group, 61% have mis-predicted grades and a very large proportion have under-predicted grades, the result being that many of them do not go to the university they want to and many do not go to university at all. That is a travesty.

I hope that my hon. Friend the Minister will use all his eloquence and artistry to prevail upon the Minister for Universities and Science jointly to come up with a proposal for post-qualification applications to universities. It is a challenge, but it will mean less bureaucracy for universities and UCAS; it will end that horrible spectacle—I remember it back in 1988 when I left school—of kids going through the clearing process over the summer; and it will even up the advantage for those disadvantaged young people who currently go to university on the basis of crystal-ball gazing by their teachers, not on their merits.

Apart from that one, small caveat, I think that this is a good Bill. It offers freedom to schools, and we should support it. I shall be voting for it tonight.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. A large number of Members are still trying to get into this debate, so the time limit will be reduced to six minutes. Even with that, I suspect that some Members still might not get in.

8.38 pm

Steve Rotheram (Liverpool, Walton) (Lab): Thank you, Mr Deputy Speaker. I am from Liverpool, so I suppose I am getting used to cuts. I will try to amend my speech to fit the six minutes allocated.

As we have already heard, the Bill covers a wide range of concerns—from school discipline and behaviour to schools admissions and exclusions, setting up new academies and even changes to apprenticeships and the reform of student fees and loans. It is a mishmash of proposals designed not to give everyone the best chance of a good education but to create a three-tier system of the haves, the have-nots and the have-not-got-a-chances. In the future, unless parents have money or good connections,

their children will be sent to schools facing massive cuts in their budgets, while money is siphoned off to academies and free schools.

Narrowing the curriculum to five subjects will mean abandoning all the young people who have thrived on vocational courses. Removing the promise of an apprenticeship will leave a legacy of young people who do not fit into this 1950s vision of what an education should be—young people consigned to the scrap heap by a Secretary of State who cares more about Latin and the classics than he does about Liverpool and the educational attainment of children from ordinary working families.

Above all, the Secretary of State is asking this House to strip local authorities of their role in managing the provision of education, and to transfer to him 50 new powers to interfere in and control almost every aspect of our schools system in England, including what subjects our children learn and what kind of schools they go to. Indeed, so much will be affected that, in view of the time, I shall confine my remarks to an aspect of education that gets little attention in the Bill, something that I believe highlights this Government's misguided priorities.

We on the Labour Benches judge a society by how it treats its most vulnerable, not by how the strong prosper. In that sense, many Members have been right to express deep concern today about what the proposals will mean for the treatment of children with special educational needs. As Ofsted highlights, just over one in five pupils—1.7 million school-age children in England—are identified as having special educational needs. Critically, as a whole, pupils currently identified as having special educational needs are disproportionately from disadvantaged backgrounds, are much more likely to be absent or even excluded from school, and achieve less well than their peers, in terms of both attainment at any given age and progress over time.

Getting education right for those young people transforms their chances and our ability as a society to benefit from what they could be, rather than dealing with the consequences of what they never get help to overcome. First and foremost, what many parents of children with SEN in Liverpool will ask about this Bill is: how can we judge what these proposals will mean for those children if we have not even been given notice of when the special educational needs Green Paper that this Government said they would publish will be published? In the absence of such information, the proposals offer little comfort to parents, who fight hard to ensure that their children receive the education they need, whatever their ability.

Many in the Chamber would recognise the challenges that Ofsted identified in its work reviewing SEN schooling and in the special educational needs and disability review. However, that is why it is all the more worrying that the proposals in the Bill have been brought forward without any details outlining what they will mean for children with SEN. Under the present system, a parent of a child with SEN often fights long and hard to get their child statemented, to ensure that they can access the services necessary to address their specific requirements. Under the proposals in the Bill, I fear for those children who need the co-operation of different services to participate in education—for example, children with a disability—or to access speech and language therapy, or mental health support.

It is not just in ensuring that children with special needs are supported that the cross-agency approach is important. Many of the current provisions were introduced as a result of the Laming report, as we heard earlier, following the death of Victoria Climbie, in order to protect the health, safety and well-being of children and young people. I therefore hope that Ministers will offer more than kind words for the parents of children with special educational needs who are listening today, and explain clearly how the Government's proposals and the removal of the role of local authorities will not lead to a loss in joined-up services for our most vulnerable students. We know that children with SEN or a disability are more likely to face discrimination in admissions. The outcomes of the case often depend on the evidence presented, and if—

Mr Deputy Speaker (Mr Nigel Evans): Order.

8.44 pm

Damian Hinds (East Hampshire) (Con): At its heart, the Bill is about social mobility and opportunity for all, and we need to address those issues urgently. No one would doubt the good intentions of the previous Government, but the statistics are there for all to see. The hon. Member for Darlington (Mrs Chapman) complained about how much people talked about Oxbridge statistics, and the hon. Member for North West Durham (Pat Glass) said she was fed up with hearing them. Sadly, however, there are many other, equally depressing, statistics. Among young adults, there are 1 million people who are not in employment, education or training. The lower income groups, which form 50% of the population, have only a 16% representation in the top universities represented by the Russell group. A student's chances of getting five good GCSEs are four times as great if they have degree-educated parents than if they do not. Even at the age of three, twice as many children in the top income quintile are school-ready as in the bottom one.

Problems such as social immobility did not start under the previous Government, but we have every right to expect that these things will improve constantly. I am afraid that social mobility has stalled. It is stuck stubbornly at levels that, in some cases, we barely tolerated in the 1970s. The hon. Member for Huddersfield (Mr Sheerman) said that we should look for evidence-based approaches, and I could not agree more. We know what makes a difference. Given the economic legacy that my right hon. and hon. Friends on the Front Bench inherited, with the Government spending £4 for every £3 that they received in income, it would perhaps have been easiest to postpone any expansionary programme. However, I am pleased and proud that the Government whom I support are finding ways to extend free nursery care to two-year-olds. They are extending the participation age to 18—or continuing its extension, to be fair—and, perhaps most dramatically, introducing the pupil premium, which represents a significant structural change to the way in which we fund education.

Another factor that we know from international studies makes a huge difference, not only to the overall average attainment in a school but to equality of opportunity, is the person standing at the front of the room: the teacher. That dwarfs other factors, including class size. When you, Mr Deputy Speaker, and I were at school,

[Damian Hinds]

we were taught not to judge a book by its cover. In this case, however, we can do just that, because the front page of the White Paper tells us all that we need to know about this Government's approach. It is entitled "The importance of teaching".

This will be manifested by reinforcing the status and authority of the teacher, making a clear statement that they have an absolute right to impose reasonable measures to achieve classroom discipline, and to be protected from vexatious allegations. We need to move from a situation in which difficult children mutter, "I know my rights" to one in which all children can say, "I know where I stand." Teachers repeatedly complain that they are burdened by too many targets, too much prescription and too many directives and missives landing on their doorstep. I therefore welcome the Government's approach in rationalising the national curriculum to leave more room for innovation and for learning other things.

We have fantastic teachers in our school system—I think they actually work a lot harder today than they did when I was at school, and, by the way, I think the children do as well—but we need to encourage yet more talent into the profession. Teach First has been a great programme, and I celebrate the fact that it happened on the watch of the previous Government. Now, it is going to be doubled in size, and we should all welcome that. I hope that the publicity surrounding the troops to teachers programme, to which my hon. Friend the Member for Tamworth (Christopher Pincher) referred, will send a clear signal to men that more of them are needed and welcome, particularly in the primary sector, whether or not they have been troops.

Alongside mobility within the system, we also need to think about mobility opportunity for us collectively as a nation. I am afraid that one of the bad things about the past decade or so is that, as every single domestic record has been smashed, we have been falling further down the league tables. One of the most refreshing things about the new Government is that whenever anyone asks, "How did you come up with that idea?" or "Where did that one come from?", the answer starts with, "We looked at where they do it best in the world." I am pleased that that world outlook also extends to the international benchmarking of our qualifications.

My hon. Friend the Member for Bristol North West (Charlotte Leslie) explained quite brilliantly how some of the fastest growing qualifications were not those that are sought by universities or employers but those that offered quick, short-cut ladders up the performance tables. This misleads students and flatters the system, and it does nobody any favours except in the very short term.

There will be a sharper focus on the key aspects of an academic education, but, to be absolutely clear to the hon. Member for Liverpool, Walton (Steve Rotheram), the English baccalaureate is not all that is in the curriculum: it comprises only five core academic subjects, and I do not think that for most people, English, maths, science, a humanity and a language would be a particularly controversial definition of what should constitute an academic core. Alongside it, of course, we must have proper valuing of, and political will behind, the vocational routes and qualifications.

We should not care only about headline results; we need to look at how to value every child and how to progress every child. CVA—contextual value-added—is a ridiculously complex measure, which nobody I have ever met understands. We need better ways of ensuring that schools' efforts on behalf of every child are valued. Too often in this House we debate how we are going to tackle the bills of social failure, and I am delighted that today we are debating this Bill—a Bill for social opportunity.

8.50 pm

Alex Cunningham (Stockton North) (Lab): I will, of course, oppose this Bill because it provides yet more evidence of an elitist approach to the education of our young people. This Tory-led Government are out of touch with teachers, with parents and with students.

I get sick and tired of people doing down our young people and their very real achievements, when we should be celebrating with them and praising and encouraging them to do better. They should be able to thrive, doing the things that they do best within a balanced curriculum. Yet at Education questions yesterday, the Secretary of State proudly promoted his narrow 1950s vision of what our education system should look like. His attachment to dead languages such as Latin is worrying. As Secretary of State, he has a responsibility to create a flexible education system that caters for all students—he is failing in that responsibility.

The proposals for the "English baccalaureate" are a backward step, which sends our young people the message that only traditional academic subjects hold any value. Instead of telling young people what subjects they should be studying, the Secretary of State should be giving them the freedom to pursue the subjects that they are passionate about. As my hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams) rightly questioned, how can the Secretary of State proclaim that Latin is more important than information technology in the 21st century?

About 50% of our young people do not plan to go to university, and I think that number is going to grow as the tuition fees rises are brought into place. We have brilliant universities in this country, including the excellent Teesside and Durham universities, and the young people who aspire to attend university should be encouraged to do so. A university education, however, is not the be-all and end-all, because other things are happening in further education. We must be careful not to send the wrong message to our young people, many of whom work incredibly hard and are rightly proud of their achievements—irrespective of whether or not they reach university.

This Bill contains measures that give the Secretary of State free rein to set uncapped and commercial rates of interest on student loans. The thousands of students who marched passed my office as part of the protests against the rise in tuition fees are learning government lessons the hard way, and it will be their successors who know that we are not "all in it together".

Youth unemployment is at an all-time high. One in five of our young people are out of work. The Tory-led Government are in danger of creating a lost generation of young people, so why does this Bill repeal Labour's apprenticeship guarantee? With current levels of youth unemployment, we should be doing everything we can

to help young people succeed in education and training. Over and again, we hear the mantra, "We're all in this together"—but not according to the large numbers of young people in my constituency who have e-mailed me, angry at the way their generation is being targeted by this Tory-led Government. They are most particularly concerned about the move to scrap education maintenance allowance—another broken promise to add to the list.

There is much to criticise in this Bill, but I want to move on to focus on the Secretary of State's pet project of free schools. The Government's free schools initiative has serious implications for secondary education in the Stockton borough. Last week, the Secretary of State visited Stockton to announce he had given the go-ahead for an initial plan for a free school in my neighbouring constituency of Stockton South. In my former life as a local councillor in Stockton, I was the cabinet member for children and young people, so I know this is a very difficult local issue.

Ingleby Barwick is a modern and growing housing development, with only one secondary school. Many hundreds of local children have to travel a few miles to get to school. Parents in Ingleby Barwick have campaigned for years for another secondary school, but if they are successful the implications will be problematic. Conyers and Egglescliffe schools—both excellent local secondary schools—rely on pupils from Ingleby Barwick to keep their numbers up. At least one of these schools serves children from my constituency and potentially would have to close if the Secretary of State were to approve a new school in Ingleby Barwick.

If the free school proposal goes ahead, which other schools will suffer, and perhaps even close, as a result? That is what I and affected communities in my constituency want to know. I cannot understand how the Government can allow any school proposal to go ahead without consideration of the local authority strategy for schools. In Stockton the strategy provided for a massive expansion of All Saints school in the middle of Ingleby Barwick, which could have been facilitated without the investment that will be needed if the free school proposal is to go ahead. That idea was ditched by the Secretary of State when he axed Building Schools for the Future.

It is important for parents to have influence over local schools, but free schools will undermine local authorities. I am concerned about the impact that the free schools initiative will have across the Stockton borough as communities and schools are pitted against each other. When it comes to the free schools policy, for every winner there will be an even bigger loser.

The Bill requires the expenditure of hundreds of millions of pounds that would surely be better spent on supporting existing schools. The Secretary of State is preoccupied with his structural changes to the education system, while neglecting what teachers and parents care about most: the provision of the best possible education and training for all our young people, not just the most academically able. Contrary to what the Secretary of State claimed, in my area children across the education system did considerably better over the past 13 years than over the previous 10. We need to work with our schools and local authorities to achieve even greater success, rather than setting school against school. Let us build on success, not abandon it.

8.56 pm

Mel Stride (Central Devon) (Con): I welcome the Bill, because it will improve education in our country in the same way as the Academies Act 2010 does. That is vital not just to the pupils whom we have been discussing today, but to our standing in the world. It is important to our businesses and to our economy. We are trading in an increasingly international, globalised, competitive marketplace in which the knowledge-based industries are king, and knowledge is power in the modern world.

Over the past week or so, Opposition Members have taken great delight in bandying about the words of Sir Richard Lambert, the outgoing director general of the CBI, about our growth strategy. In December 2009, in an interview in *The Guardian*, Sir Richard said that the then Government should be ashamed of the results produced by the education system. The hon. Member for Stockton North (Alex Cunningham) should interpret such comments not as an attack on the pupils who are working so hard, but as an attack on a system that has consistently and utterly failed them.

Social mobility is essential, but, as was pointed out by my hon. Friend the Member for East Hampshire (Damian Hinds), it is probably at its lowest level since the 1970s. I will not pretend that responsibility for that lies only with the previous Government, but no one can escape the simple reality that education is the great route of social mobility, and that we get it wrong at our peril. Some Opposition Members are irritated by the statistic revealing that last year just 42 pupils receiving free school meals obtained places at Oxford and Cambridge, compared to over 80 at one public school alone, Westminster. That is a disgrace, but, rather than being irritated by it, Opposition Members should feel angry and sorry for the many other children receiving free school meals who have been deprived of the opportunity to achieve the very best in their lives.

I welcome many aspects of the Bill. For instance, I welcome the way in which it encourages and promotes academies and free schools. I believe that parents should be the ultimate arbiters of what is best in education. They do not need league tables. They know—as they say in Northern Ireland—what the dogs in the street know. They know a good school from a mediocre school, and it is they who are most likely to stand up for their sons and daughters. We must promote academies at every turn.

I also welcome the Bill's emphasis on the importance of improving qualifications, and on ensuring that Ofqual takes account of international league tables. As was pointed out by my hon. Friend the Member for Bristol North West (Charlotte Leslie), there is no point in our continually looking to the past and our inflated examination results, patting ourselves on the back and telling ourselves how well we are doing domestically, when we are plummeting in the international league tables year after year. The PISA numbers have frequently been cited in the debate. The hon. Member for Huddersfield (Mr Sheerman) rightly pointed a finger at them, saying, "You can't quite compare one year with another, as there's a different cohort." There may be some truth in that, but even Opposition Members must on occasion have pause for thought about the fact that there has been such a slump consistently over time.

[Mel Stride]

It is important that through this Bill we get a firm grip on the issue of school discipline. Some 1,000 pupils are excluded each day for abusive or possibly even assault-based behaviour, and many teachers are being put off from even going into the classroom as a consequence. It is right that teachers should now be given the authority to search pupils; we should trust them to do that. Among the items they are currently not allowed to search for are hardcore pornography and video cameras, which can be used to film disruptive incidents that can then be posted on the web. It is right that we should empower them to take the necessary action.

It is also extremely important that we afford teachers our protection in respect of unfair claims made against them by pupils. An Association of Teachers and Lecturers survey has shown that about one in four teachers have been the recipient of false claims, and I welcome the Government's commitment to ensuring that they are given anonymity up until the point at which they are—or are not—charged.

I welcome the Bill, and I want it to be a moment of hope not just for the children who are currently at school, but for future generations yet to come. I hope they will look back and see that this was a moment when their life chances were improved immeasurably.

9.1 pm

Lisa Nandy (Wigan) (Lab): I welcome some of the Bill's measures, in particular the commitment to retain the extension of free early-years provision to two-year-olds, which could not be more important. I am sorry it is no longer envisaged as a universal provision, but I am grateful to Ministers for deciding to protect it for the targeted few at least. I would also welcome clarity on how it is to be funded.

I am less enthusiastic about the Bill's provisions on behaviour and discipline, however. I am a member of the Education Committee, and we have spent a considerable amount of time debating that topic and hearing about it from witnesses in evidence, and it seems to me that there are two key principles: first, powers and protection for staff; and secondly, protection and freedom for pupils. I think Ministers have got that balance wrong. We heard from a range of witnesses and we could not find any evidence that over several years behaviour had worsened. In fact, the majority of witnesses agreed with Ofsted that the vast majority of behaviour in schools is good and no worse than previously.

I also think Ministers have got the balance wrong because there is cause to believe that their proposals may make the situation worse. The relationship between pupils and teachers should be based on mutual respect. Pupils learn by example and flourish in strong, trusting relationships with adults, yet what is proposed in the Bill is largely a one-way street that says to pupils, "We expect you to respect us, but we won't respect you back." No-notice detentions, which I raised earlier, are a pressing example of that. I am particularly concerned about them in respect of young carers, but I am concerned not only for the children but for teachers as well. The point that the Secretary of State failed to understand when responding to my question was that teachers do not necessarily know that young people have caring responsibilities. Rather than trusting teachers, this Government are putting them in an impossible position. This "bureaucratic burden" of giving notice is an important safeguard for teachers as well.

The same could be said of powers of search. Many of the teaching unions have said that they think what is proposed will lead to a rise in the number of legal cases against teachers, and I am extremely concerned about the protection for those teachers. Will the Secretary of State support teachers when a legal case is brought against them for overstepping their powers of search? If not, this is not so much liberation for teachers as abandonment.

There are signs that the Government wish to protect teachers, however. I am particularly grateful that the plans to remove the requirement to record incidents of the use of force have been reconsidered, because that is an important safeguard. Like many others, I welcome measures to protect anonymity, but why do they not also apply to support staff? We must be careful not to create an impression that, with the abolition of the school support staff negotiating body, we are saying to support staff that they do not matter.

I am also at a loss to understand why safeguards on exclusions are being removed, given that statistics show that head teacher decisions are overturned in only 2% of cases. I know from experience that we do not always get this right; looked-after children are nine times more likely and children with special educational needs are eight times more likely to be excluded from schools than others. That can produce appalling results, and are we seriously saying to children who have suffered that injustice that they cannot go back to the school where their friends are?

For the most vulnerable children the Bill seems to be a disastrous unravelling of a decade of progress. I am concerned about the removal of the Children Act 2004 duty to co-operate. As a school governor, I know that schools are really busy and pressed for time. That is why it is so important that they are required to sit round the table and take the time to talk to partners. I say to Ministers that, by taking schools out of that equation, they are putting children at risk. I urge them to reconsider.

I am not at all convinced by the fairness of the new school arrangements and I am particularly concerned about admissions forums. Ministers are reviewing the code with a view to slimming it down so, with the abolition of admissions forums and the watering down of powers for the school adjudicator, we simply do not know which standards, if any, schools will be held to for admissions. We need to know that if we are to understand the Bill's implications.

I am most concerned about the aggressive expansion of new-style academies and free schools, for which the Bill provides. In my local area, a campaign group, Save Wigan Schools, is battling against academies, not just for the children who will lose out as a result of academies, but for teachers. According to international studies, their pay and conditions are one of the key factors, so I say to Government Members that this is a problem not just for teachers, but for children, as the evidence tells us that through pay and conditions we raise standards. I was appalled to see a letter from Lord Hill, the Education Minister, telling schools not to sign up to the NASUWT's pay and conditions agreement. I say to those Government Members who talked about bullying tactics, if that is not a bullying tactic, what is?

My chief concern is that the Bill will entrench segregation and widen the achievement gap. I welcome the increase in the participation age, but how are students expected to carry on without the education maintenance allowance? Although the Bill contains measures that I welcome, its general direction is of great concern: it introduces more centralisation and prescription; it is based on a lack of respect for children; in reality, it removes protection for teachers; it shows a shocking lack of respect for the valuable contribution made by school support staff; and, most importantly, it is based on a vision of competition between schools that is sure to create winners and losers. The Bill undermines the key principle that education is a public good, held and managed in trust for the wider community. For that reason, the Bill will not just disadvantage the most disadvantaged children; it will disadvantage us all, and I will not be voting for it.

9.7 pm

Andrew Percy (Brigg and Goole) (Con): This has been an interesting debate, with the Bill having been described variously as minor tinkering building on Blairite successes and as creating a wasteland in education across England and Wales—and that is just from Labour Members. We have heard some very diverse opinions from them. Although there was some good in what the hon. Member for Wigan (Lisa Nandy) said, she fails to understand the reality of what classroom teachers face in our schools today.

An awful lot of myth has been put about in respect of many of the Bill's proposals. I am broadly supportive of the Bill, although it contains bits that I do not particularly agree with and so I will get those out of the way first. Since I have been in this place, I have learned that legislation is like a box of chocolates: you do not like everything in it. I am not a particular fan of the forced raising of the participation age to 18, but I am probably out of sync with many people, on both sides of the debate, about that. I also have some concerns about the changes to student loan interest and I have some issues to raise about the English baccalaureate, which I shall discuss in a moment. Those are my minor concerns with the Bill, but in general I am a huge supporter of it and of the ministerial team in this Department, who have the best interests of this country's young people at heart.

I wish to deal with some of the points made by Opposition Members about bringing unqualified people into the classroom, as if that were something new. I intervened on the Secretary of State on this matter. The practice is not new, although there are more unqualified staff teaching young people in our country today than at any time since the war and possibly ever. Studies have been done by the unions to prove that. Some of that teaching has been very good and in some circumstances schools have had to go down that route, because standards have slipped in some of our schools and they have been unable to recruit qualified staff. There is nothing wrong with bringing in people from different backgrounds. My personal view is that once they are teaching in the classroom, they should at least follow a route to a formal qualification. We should make that process as easy as possible, because it is desirable. When I did my postgraduate certificate of education, I learned important things in the classroom that people cannot necessarily obtain outside the classroom. We should not be worried about bringing in people from different backgrounds.

The hon. Members for Wigan and for Sheffield, Heeley (Meg Munn) have mentioned discipline. In specific circumstances, the power to search pupils there and then is important. One may have concerns about the wording of the provision, but sometimes situations arise in schools where classroom teachers need to act immediately—I can think of a number of situations in which it would be important to conduct a search there and then for the safety of other people in school. The power is important, but it is a permissive power, because Ministers would prefer teachers not to have to search young people.

On notice for detentions, there are times in teachers' careers when they need to act there and then, because it is important to deal with an issue at the end of the school day. I taught at an incredibly difficult school, and I remember a huge problem on the local estate when a large number of our young people got involved in physical fights with another school—the situation also involved some parents, which was not helpful. We needed to deal with that situation there and then, and writing to say that we wanted to see a child in 24 hours' time was not helpful. We had to deal with the situation there and then, but we were hamstrung by the rules.

The hon. Member for Wigan has raised the issue of discipline. I did not want to write home to some pupils' parents to tell them that their child had a detention; I wanted to deal with the situation myself, because I knew that if I made contact with some of those young people's homes, their lives would be made much more difficult. I would prefer to deal with such issues in the way in which I see fit rather than necessarily by engaging with parents. There is a protection issue for young people.

I do not have a great deal of time left, so I will not discuss exclusions, but I will comment on the curriculum and standards. I welcome the review of Ofsted, but the issue always comes down to interpretation. It is virtually impossible for a school to put itself through an Ofsted inspection in an honest way. The school has to step up to a mark that is not necessarily sustainable throughout the whole school year and jump through hoops that are impossible in any other circumstances. Classroom teachers are asked to do things that it is not possible to do all the time. I welcome the changes, but I hope that Ofsted's interpretation will change.

The English baccalaureate is not simply a case of requiring schools to do certain subjects. However, it is probably drawn a little too narrowly, particularly where schools are required to do modern foreign languages. It might be very good to get young people to do modern foreign languages—I make these remarks as a history teacher, who will benefit from the change—but in a selfless act I appeal for the baccalaureate to be drawn a little more widely, because we will end up with its being used as a measure. In schools such as the one where I used to teach, engaging children and young people in modern foreign languages who may not receive support at home is incredibly difficult, and those schools will be judged against that standard, no matter how much we try to make it a secondary standard.

I am sorry that I do not have time to continue in further detail. I say to Ministers that the Bill is good and that I will support it, but please will they think again about the English baccalaureate?

9.13 pm

Gavin Shuker (Luton South) (Lab/Co-op): Thank you, Mr Deputy Speaker, for instinctively knowing that I wanted to be called after the hon. Member for Brigg and Goole (Andrew Percy), who talks an awful lot of sense particularly about the English baccalaureate.

Today is an opportunity for us to discuss the principle of the Bill, which is why it is so disappointing that the first 52 minutes of the debate were about politics. A number of elephant traps were set to try to make the Labour party look as though it were the roadblock to reform, which is not the case.

The Bill raises important issues. It includes a shift from Whitehall to the classroom, but it also goes in other directions. It goes from local people, in the form of local authorities, to individual schools. Parts 5 and 6, in particular, relate to local authorities and schools admissions and they will remove the admissions role of schools adjudicators, increase the emphasis on academies and remove the requirement to consult on them. Also relevant are free schools, appropriate consultation and the disappearance of local admissions forums. All those issues point to a broad but consistent agenda that seeks to undermine the role of local authorities and each of us in our individual locations. We are losing the sense that we are together making decisions in our towns and cities about how we educate our young people. There are trade-offs involved and we should not seek to minimise them. This is our role in debating the principles behind the Bill.

There has been a lot of talk on both sides about the number of young people coming from a free school meals background and going to Cambridge. I came from a free school meals background and went to Cambridge, so I would have been included in the figures. Much as I am concerned about that issue, I am more concerned about the young people in my constituency who come from a free school meals background, or just above that line, and who are not achieving the results that they should. I went to a comprehensive school in Luton and when I left school in 1998, which is not so long ago, only one third of young people in my constituency were achieving five GCSEs at grades A to C—the kind of thing that would help them to get on in life. At the time of the last election, the figure was two thirds, so real progress was made under Labour.

I concede that much of that progress was made as a result of the arguments about whether we should have more choice and more autonomy in schools. We have two excellent academies in Luton, one of which started in my constituency and will shortly move into a new building. I do not want to undermine the ability of people to come in and turn around schools that are really struggling, but we should not pretend there is no trade-off in relation to the power of individual heads versus power being pooled, or to the sense that together we are educating our young people.

The situation in Luton illustrates those points very well. We had 11 Building Schools for the Future projects cancelled in the BSF cancellations. For us, the projects were not just about providing world-class facilities but about providing the additional capacity that we desperately need. We have a major issue with our primary schools: we have projected that we will need another 5,000 places at a cost of £76 million, but we will get only £4 million over the next four years. As a result of more providers coming in, there is a disjointed admissions policy and successful free schools and academies, will serve only to increase the gap. My concern is that we are squeezing provision and narrowing the options in places such as Luton about how to respond to the diverse challenges required in education. The choice is between academies and free schools or nothing. There is not even a chance to expand good-quality comprehensive education because no additional is money coming in and there is no scope for local people to step in, through the realms of the local authority, and choose what type of school is appropriate for them.

Last weekend, the English Defence League was in Luton and it raised the issue, once again, of community cohesion in our town. Education is about more than children achieving what they can in terms of grades and results. It is also about the kind of society that we want to create. If we want a comprehensive and mixed society in which people from different backgrounds come together, surely in a place such as Luton comprehensive education is the ideal. We have schools that are doing the work and want to expand, so why close them off and tell them that the only route is through free-school education? Schools are drilling down into more reduced catchment areas and the only route to expanding capacity is through academies or free schools. The slimmed-down admissions codes that are coming might make the situation even worse.

In his speech, the Secretary of State cast himself as a brave reformer and cast Labour Members as the luddites who refuse to adapt to a changing world, but that is not the case. I believe there is a move, which started under the previous Government and continues under this one, to put more power into the hands of individual head teachers and away from local authorities, which are tasked with the responsibility of together finding a response that is appropriate to their setting. We have to accept that doing that comes with a cost. If the very principle of the Bill is to suck power away from the pooling of heads, we will have a model for education that is prescribed, controlled and modelled. In Luton, the effect of the Bill will be to store up problems for the future and for that reason—for my constituents—I will not vote for it tonight.

9.19 pm

Bob Blackman (Harrow East) (Con): I support the Bill. As a recipient of free school meals who went to his local comprehensive and then to a red-brick university, I think there has been too much concentration on Oxbridge in the debate tonight. There are significant aspects of the Bill that need improving in Committee, but we should recognise the improvements that the Bill will bring to education across the country.

As I have gone round the schools in my constituency, I have seen that they share a number of concerns. In the last year of the Labour Government, they received 5,000 pages of diktats and orders from Whitehall. They faced unnecessary bureaucratic interference. In most schools, which are excellent, head teachers know what to do, teachers know what to do, and they can get on with the job. They do not need diktats from Whitehall telling them how they should behave and how they should operate. I am glad that that will be swept away by the Bill.

All the schools in my constituency have excellent disciplinary records, with firm discipline and leadership from the top. They say that when they have to exclude a pupil, they do so regretfully. They do not rush to do so. They try to support the pupil all the way until, regrettably, an exclusion is necessary. I speak as someone who served on a governing body for a long time and had to chair exclusion panels and go through the appeals process after the exclusions were upheld. It is a nightmare for the head teachers and for the governors, and it is unfair to the poor children who are excluded. We must give head teachers and teachers the power to do what they need to do to maintain discipline in the school so that those children can be taught in a properly disciplined way, and so that they can aspire to be the best that they can be. Without strong discipline, there can be no learning.

I would like to see some aspects of the Bill improved. The first concerns the anonymity of individuals who have been accused of crimes, about which others have spoken. I agree that teachers should be protected, but so should support staff. In a school where I was a governor, the school caretaker, sadly, was accused—falsely, I am pleased to say—of the rape of a young child. The stain on his character after being named everywhere left his life in ruins. It is not fair for that individual or any member of school staff who has been falsely accused to suffer that. We should extend anonymity to support staff.

We need to get right the issue of standard assessment tests, which are not mentioned in the Bill. For far too long, teachers in primary schools have had to teach to the SATs and the league tables, rather than teaching the children to the best of their ability and as broadly as possible.

We must look at the subjects taught in our schools. I share with the hon. Member for Luton South (Gavin Shuker) the fact that the vast majority of the schools in my constituency have a majority of children for whom English is an additional language. Far from learning French or German, learning Hindi or Gujarati would be far more appropriate for them. It should be an option for them to achieve in schools. When we are talking about global expansion and our relationship with India and the far east, why should we limit ourselves to teaching European languages? That aspect must be examined as the Bill progresses.

Finally, we need to consider the bureaucracy that has built up and the ability of academies to set themselves free and be a beacon of excellence in their communities. I was one of those who opposed the Labour Government's academy programme because I felt that it was far too elitist. It encouraged people who did not necessarily have the best interests of education at heart to take over schools.

The beauty of the Bill and of the agenda that we are pursuing is that they offer all children the opportunity to succeed to their optimum ability. They will not be limited necessarily by their parentage or by where they come from. By offering that opportunity to everyone, from all walks of life and all backgrounds, we will give children the opportunity to succeed in a much more equal society where their ability can come to the fore and where that is what is important, rather than the accident of their birth. I strongly support the Bill.

9.25 pm

Glenda Jackson (Hampstead and Kilburn) (Lab): What a pleasure it is to follow the hon. Member for Harrow East (Bob Blackman), who has broken the overwhelming trend in the contributions we have heard from Government Members, which has been to paint a virtually dystopian picture of education in our country in which virtually every classroom is a battlefield, every teacher is incompetent and lacking in inspiration, every child is badly taught and where examination results are lamentable in comparison with other countries.

The ability of children who receive free school meals to make it to Oxbridge seems to have been the recurring theme. The hon. Member for Central Devon (Mel Stride), who was the most recent Member to make that contribution, gave the example of Westminster school. If he is so concerned, why is he not arguing ferociously with the Government to fund pupils in our schools to the level charged in fees by Westminster and for class sizes to be as small as the standard not only in Westminster, but in every private school in this country?

As far as I can see, the Bill is a typical Government piece of legislation; it purports to be under the overarching aegis of giving back to people in this country the right to make local decisions that affect them in their local areas, but it does exactly the opposite. It will put powers into the hands of the Secretary of State that are currently undreamt of by many local authorities and by the schools in my constituency.

What I find most paradoxical is the way Government Members have bought what the Government are attempting to sell in the Bill. It starts with early-years education, because the Govt have trumpeted loud and long that every disadvantaged two-year-old—we are yet to know what will constitute that disadvantage because the Government have given us no detail—will be able to have nursery education. They then attempt to convince us that a child going from age two to five will of course be given a place in a local primary school—there is a desperate need for primary school places in my constituency—and that there will then be a gradual progression on to secondary school. Hang on a moment, because it looks, certainly from what the Government have said and from what has happened in my constituency, as though when children get to the age of 11 there will be no comprehensive schools left, only academies and free schools. The central and monstrous aspect of the Bill is that it will reintroduce a form of selection in schools. If there is no concerted local area agreement on what constitutes an admissions policy for all schools, we will see a return to what people of my generation lived through, which is the "them and us" approach to education for all our children.

The Secretary of State's speech this afternoon culminated with the example of two schools that he admires and wants us to admire, but he ignored the fact that they rose to their present heights under a Labour Government.

Kate Hoey: Will my hon. Friend give way?

Glenda Jackson: No.

The Secretary of State also asserted that the Government are committed to ensuring that every child in this country has the best possible education. How can that conceivably be so when we are looking at a situation in which

[Glenda Jackson]

academies and free schools will be the only schools available to local people? We have no idea what the capital costs or revenue costs of those schools will be. The idea that we are making a real inroad into affording opportunity and aspiration for every child, however disadvantaged their background, by introducing free education for two-year-olds, when we know that Sure Start facilities are being closed even as we speak—

The Parliamentary Under-Secretary of State for Education (Tim Loughton): No they're not.

Glenda Jackson: Oh yes they are. Children's centres are being closed—

Michael Gove: Where? At half-past 9 on a Tuesday night?

Glenda Jackson: The lack of imagination from Government Members never fails to amaze me.

The idea that this Bill is going to ensure that every child has an absolutely clear ride from the age of two to 18, that there will never be a bump on the way and that at every single point they will be encouraged, inspired and told to aspire is utter nonsense. I shall not go down the road of discussing the abolition of the education maintenance allowance for those who stay on at school until aged 18.

For Liberal Democrat party members—who I presume obtained their degrees from the Pontius Pilate school of political philosophy—to support this Bill is yet something else of which they have real cause to be ashamed. But no one should be as ashamed as the Conservative party, which, despite its protestations about caring for every child in this country, is setting in train an educational system that, as my hon. Friend the Member for Liverpool, Walton (Steve Rotheram) said, will create not just one or two but three tiers of education in this country.

9.31 pm

Neil Carmichael (Stroud) (Con): I am reminded of the comments of my hon. Friend the Member for Beverley and Holderness (Mr Stuart), the Education Committee Chairman, who, towards the beginning of the debate, talked about Benjamin Disraeli and how important education was to him.

When Disraeli was talking about education, however, Bismarck was launching secondary education in Germany, and we did not get around to that until 1944. Education has always been a case of catch-up for us, and that is one reason why it is so important to focus on international comparisons. The first battle that we have to fight is the battle between ourselves and other nation states. It is an important battle and one for which we have plenty of weapons. One is having trust and confidence in our head teachers, another is having trust and confidence in our teachers and another is ensuring that our reform of the education system empowers schools to get on with their job.

The second battle that we have to fight is the battle for fairness, and this legislation helps in that regard, too, because, first, 120,000 two-year-olds will receive proper reading support, which is absolutely imperative, and secondly, we are investing £2.5 billion in the pupil premium. Those are signal efforts to ensure that we can win the battle for fairness. So there are two battles, and both are critical.

I shall comment on a few aspects of the Bill which have not been mentioned. First, on our proposals to reform Ofsted, we are right to ensure that it focuses on teaching, leadership and management, not on peripheral matters which are important, but not to the exclusion of what goes on in the classroom. So the first thing I say is, "Get it right over Ofsted." That leads me on to intervention.

Meg Munn: Will the hon. Gentleman give way?

Neil Carmichael: No, I am not going to, because I only have a few minutes.

We have to intervene in failing schools. In my constituency we have one or two, but a failing school is not a good school and we should never, ever tolerate it. So we have to ensure that action is taken.

Secondly, I welcome our focus on 16 to 19-year-old education. We are empowering the Secretary of State to be in charge of that budget, and quite right too, because we cannot have people sitting in the same college classroom receiving funding from different sources and, often, different levels of funding. That is not satisfactory, and we should not tolerate it, because we have to address the skills shortage and tackle the fact that too many people do not receive sufficient training when they need it. That is bad for the first battle to which I referred, in terms of our contest with other nation states, and it is bad for the small and medium-sized businesses in our constituencies. Let us be clear about this: our focus on skills training is absolutely right.

On the baccalaureate, it is not right to say that children should not have proper education in the key subjects—they should. That is what we are saying in the Bill, and quite right too. I fully support that.

The responsibility for ensuring that the leadership and management of a school are properly focused will come down to governance, and the Bill needs to say more about that. We must remember two things about governance. First, we must focus on the skills of governors to ensure that they are willing and able to challenge the teachers and head teachers when appropriate. They must have the confidence to stand up and say, "Enough is enough", because they are standing up for our children. Secondly, we should think less about the representative side of governance and more about what governors do and the responsibilities they have. I should like to draw that to the attention of the Secretary of State.

In summary, I support the Bill. Of course it can be improved, as can all pieces of legislation. However, the two battles that I mentioned are the battles we fight and the battles we must win.

9.36 pm

Mary Macleod (Brentford and Isleworth) (Con): I welcome the Bill and congratulate the Government on bringing it before the House.

We have heard many passionate speeches today about education. I agreed with the hon. Member for Huddersfield (Mr Sheerman) when he said that across the House we want all children to achieve their potential. I think we all agree with that.

Education will determine our country as a nation, creating a strong foundation on which we can build for the future. It is about giving children a great start in life, increasing a child's options, reducing crime and strengthening our entrepreneurship ability and the growth of our economy in the long term. That is one of the reasons I came into politics. If I could do one thing in politics, it would be to create aspiration for all across society, as my hon. Friend the Member for Tamworth (Christopher Pincher) said. That is why I became a school governor, like so many others here. Like my hon. Friends the Members for Gosport (Caroline Dinenage) and for Salisbury (John Glen), I have been visiting all the schools on my patch, including Heathland school, The Green school, Isleworth and Syon school and Chiswick community school.

I would like briefly to mention three issues, the first of which is discipline. Like my hon. Friend the Member for Central Devon (Mel Stride), I think it is an absolute scandal that every school day nearly 1,000 children are excluded from school for abusing and assaulting staff and fellow pupils. Major assaults on staff have reached a five-year high, and that cannot be tolerated. Discipline, as my mother would say, starts at home, but sadly not all children have this. In my experience of working as a school governor, discipline is absolutely critical to the success of a school. The head of Holland Park school, Colin Hall, who is also a constituent of mine, transformed the school by introducing a structure, values, pride, order and expectations. He introduced a clear code of conduct that was about creating a standard of zero tolerance whereby certain things were no longer acceptable, and the students abided by it. I believe that the measures in the Bill will help to restore that balance of power in schools, giving heads and teachers more support in their efforts to maintain discipline in the classroom.

My second point is about the curriculum. My hon. Friend the Member for Isle of Wight (Mr Turner) mentioned the international league tables for education. It is unacceptable that in the UK we have been falling down those league tables. My hon. Friend the Member for Bristol North West (Charlotte Leslie) spoke eloquently about the OECD figures, which show that we have slipped from 7th to 25th in reading, from 8th to 28th in maths, and from 4th to 16th in science. This has to be changed, and we must sort it out. I want to restore academic excellence in the UK. I agree with introducing the English baccalaureate because we want academic excellence for all. We want all children to have the opportunity to achieve that excellence. Education has traditionally been the core strength of this country, but we have let it slip and need to get it back on track. The proposals in the Bill will raise educational standards and give the next generation the education that it deserves.

On post-16 education, I welcome, especially in national apprenticeships week, the Government's approach to apprenticeships. That investment is about creating skills and jobs for the future.

Finally, as my hon. Friend the Member for Bedford (Richard Fuller) said, the Bill gives us the inspiration to create free schools. Given that I need a new school in Brentford and Isleworth, I encourage parents, teachers, co-operatives and charitable trusts to create something for the future.

In conclusion, we need to give all children the best possible chance in life by giving them a great education, skills and aspirations so that they can go on to do their best and be the best that they can be. Teachers have a special role in helping children to believe in themselves and achieve their potential. The Bill will allow them to do that by restoring discipline, reducing bureaucracy and raising standards, which will create a better future for us all.

9.40 pm

Kevin Brennan (Cardiff West) (Lab): We have had an excellent debate this evening on the Second Reading of the Bill. If I counted correctly, following the opening speeches there were 34 speeches from the Back Benches—a full class in the state sector, although perhaps not in the sector in which most Government Members were educated.

There are many reasons to oppose the Bill. Indeed, the provision to increase the interest rate on student loans, which has been snuck into the Bill, would be sufficient reason on its own. The Secretary of State accuses us of being against everything in the Bill because we will vote against its Second Reading. In that case, perhaps we should warn the Liberal Democrats that they will be painted as voting in favour of increasing the interest rate on student loans, even if they voted against the student finance measure in the motion before Christmas.

Dan Rogerson *rose—*

Kevin Brennan: In a moment. I am sure that people will, in a "Focus"-like fashion, look at the way Government Members vote this evening.

There are many other reasons to oppose the Bill, which my right hon. Friend the Member for Leigh (Andy Burnham) pointed out in his opening speech. It strips power from pupils, professionals, parents and the public. That is not to say that we do not support some things in the Bill. We have heard about that during the course of the afternoon. On the surface, the Bill tries to make further progress on the excellent progress that we made in government on behaviour, including on the ability to search pupils and confiscate items, clarifying the position on the reasonable use of force by teachers, and allowing teachers to discipline pupils for behaviour beyond the school gate.

Like any reasonable Opposition, we want to scrutinise the detail in Committee. We want to be sure that the Government's proposals will have a positive impact and not drag schools into further bureaucracy or legal challenge. The proposals should broadly promote the ability of a school to create a quiet, orderly environment for learning. That is the kind of environment that we all agree is not only good for the vast majority of non-disruptive students, but is in the interests of pupils whose behaviour impacts on their own learning and that of others. We will consider the proposals in forensic detail in Committee.

Dan Rogerson *rose—*

Kevin Brennan: In a minute.

In Committee, we will consider the points made by my hon. Friend the Member for Sheffield, Heeley (Meg Munn) and others to ensure that the proposals are not window dressing, but a genuine enhancement of what we achieved in office. We will consider whether they will cause more problems for teachers and schools. Part 1 of

[Kevin Brennan]

the Bill seeks to build on the revolution in early-years provision that Labour pioneered in office. In particular, we will look closely at the power the Secretary of State is awarding himself to decide who gets early-years teaching, how much and when. We will approach the Bill in Committee in that way.

Overall, we oppose the Bill on Second Reading because, along with a number of other pieces of legislation, it fits in with the ideology of the coalition Government; an ideology that the Lib Dems appear to have been duped into going along with, having been seduced, it seems, by Lady Localism. Well, she is not what she seems in this Bill and I ask the Lib Dems to consider carefully what the Bill does about localism. Localism, for them, used to mean enhancing local democracy. This fits in with the Orwellian use of language that the Government have adopted. Just as for the Home Secretary a curfew has become an "overnight residence requirement", localism is used to describe a Bill that takes away local democratic power from communities, teachers and parents, and puts the power into the hands of one man—the Secretary of State. The Bill is described, unbelievably, as a decentralising measure, but he is taking more than 50 new powers to himself to control almost every single aspect of the schools system.

Michael Gove: List them.

Kevin Brennan: I do not have time to list them all, as the Secretary of State knows, but here are a few examples: which subject students should study, how teachers should teach and what types of schools communities should have. He will say that he is just nudging them in that direction, but a nudge with a loaded gun is very different from a gentle steer.

What is it about the Secretary of State, assisted by the Minister of State, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb), that makes him so obsessed with grabbing more and more power at the centre?

Mr Blunkett: Megalomania.

Kevin Brennan: I would not quite go that far, but whether it is the power to close schools or the power to discipline teachers individually, which has been so carefully and consensually put beyond politicians in recent years, we have to ask why the big power grab.

I do not know whether any Members with children have ever seen the TV cartoon "Pinky and the Brain", but the Minister of State and the Secretary of State rather remind me of it. As the title suggests, there are two characters. Pinky is good-natured, but he is dominated by the Brain, who is self-centred and thinks he is a genius. Every episode, after the opening titles, there is the following piece of dialogue: Pinky says, "Gee, Brain, what do you want to do tonight?", and the Brain says, "The same thing we do every night, Pinky. Try to take over the world." That could almost be a transcript of the ministerial meeting at the Department for Education. I know the Secretary of State thinks he is clever, possibly the cleverest boy in the Government, but trying to create an education system in his own image, with all the powers in his own hands, is ultimately a recipe for chaos, not world domination.

The Secretary of State is so intent on making sure that he grabs all the power to himself that he is getting rid of some of the bodies that might get in the way of his scheme not once but twice. Bodies such as the General Teaching Council, which was set up to give teachers the same professional autonomy as other valued professions, are abolished not only in this Bill but in the Public Bodies Bill, presumably just in case abolishing them once is not enough to make absolutely certain that they are absolutely dead. It is in case they suddenly rise up, like the false ending of some schlock horror film. We knew that the Secretary of State had a penchant for drama—we see it every week in the Chamber—although, I hasten to add, not enough of a penchant to include it in the English baccalaureate. However, killing a body twice to make sure it is dead is a bit over the top, even for him.

Why this centralising power grab? It is not just power for power's sake, it is part of his vision of education. In their mind's eye, the Secretary of State and the Minister of State see serried ranks of schoolchildren sitting at individual desks, preferably wearing short trousers, chanting after their teacher their conjugated Latin verbs and copying down the dates of the kings and queens of England from the board. *[Interruption.]* Did I hear a "Hear, hear" from the Conservative Benches? I think I might have done.

If the Secretary of State thinks that is how to raise standards, he is wrong. A curriculum designed to train a few people to run the empire is not a system that will inspire and motivate the next generation to use their talent and creativity to the maximum benefit of themselves and the country. He has made it clear that in his mind a grade C GCSE in an ancient language, a laudable achievement in itself, is more valued than an A* in engineering or information and communications technology. He is, to coin a phrase, creating an analogue curriculum for a digital age.

All pupils need the basic building blocks of literacy and numeracy, but beyond that, corralling pupils into a narrow range of subjects post-16 restricts choice and stifles creativity. Schools up and down the country, having been nudged by the Secretary of State with his loaded gun, are busily rewriting their timetables and pressurising pupils into taking GCSEs that are not necessarily the best ones for them to fulfil their individual talents. We must bear in mind the fact that they will already have studied history, geography, science and a modern language through the national curriculum. The English bac took a bit of a kicking from some Members on his own side of the House today, and he should listen to what they had to say.

Why is the Secretary of State doing all this? Just so that at the end of this Parliament, he can point to a measure that he invented and imposed ex post—that is a bit of Latin, in case anybody did not know—and say, "Look how we've improved things. More people are studying the subjects that we have retrospectively said they should have been studying all along." It is actually pretty hard for people to fail a test when they have set the questions themselves. The provisions in the Bill on PISA tables are fine, but the Secretary of State had better stop misquoting statistics that he knows the OECD has disowned, and he had better stop ignoring evidence, such as that from Hong Kong or Scandinavia, when it does not suit his overall vision.

When the Secretary of State finally gets round to saying something about vocational education, which he seems fundamentally to believe is for people who do not do well academically, he should remember that medicine is a vocational training that he ought to support. His problem is that he sees the English baccalaureate as the premiership and any league table of vocational qualifications as the Beazer Homes league—*[Interruption.]* I agree that there is nothing wrong with the Beazer Homes league.

Finally, presumably the Secretary of State blames the previous Labour Government for the decline in social mobility in Government Ministers, and believes that it is our fault that the Government Front Bench is dominated by old Etonians, because we did not do enough on social mobility in government. On that point, I shall sit down.

9.50 pm

The Minister of State, Department for Education (Mr Nick Gibb): This has been an excellent debate, with speeches delivered with passion and expertise on a subject that could not be more important. In the words of the hon. Member for Vauxhall (Kate Hoey), who made a principled speech in support of the Bill, the debate is about the education of the next generation and a Bill that will determine the kind of society we have in 20 or 30 years' time.

Between April 2009 and March 2010, 20,094 children rang ChildLine because they were being bullied at school. The median age of the children concerned was between 10 and 14, and 342 of those children were so traumatised that they were considering suicide. It is unacceptable that a child's education and childhood should be blighted by such stress. The coalition Government are committed to tackling all forms of bullying in our schools, including homophobic bullying, and the Bill makes a start by tackling the root cause of bullying—poor behaviour in our schools.

Last year, 2,890 pupils were expelled from school for violent or abusive behaviour, and, as my hon. Friend the Member for Reading East (Mr Wilson) pointed out, 1,000 pupils were suspended every day for such behaviour. The Bill ensures that when such a pupil is expelled, the appeals panel will be unable to require a school to take them back against its wishes.

We want to tackle violent behaviour, but we also want to tackle the widespread and corrosive, low-level disruption that challenges teachers throughout the day, which serves to deter people from entering the profession and pushes many to leave it. According to the National Foundation for Educational Research, two thirds of teachers say that negative behaviour is driving teachers out of the profession. Dealing with that is about even more than tackling low level disruption. In some schools, children refuse to do their homework and teachers know that their pupils will not do their French vocabulary or read the next chapter of the set novel. Tackling that culture of low expectation and the school ethos by which it is not cool to study and work hard is central to our educational reforms, because that culture is at its strongest in the weakest schools in the most disadvantaged areas.

The attainment gap between those from wealthy and poor backgrounds is unacceptably wide. Fifty-nine per cent. of non-free school meal pupils last year achieved five or more good GCSEs, compared with 31% of pupils who qualify for free school meals. That 28-point gap has remained stubbornly constant over the years. Our objective is to shift the balance of authority in schools away from the pupil and towards the teachers and heads—away from the child to the adult.

My hon. Friend the Member for East Hampshire (Damian Hinds) is right that we need to tackle the I-know-my-rights attitude of the disruptive child and enforce the rights of the overwhelming majority of children in schools, who just want to get on and learn in a safe, happy and stress-free environment. Pupils in schools make it clear that they know when they are being let down by poor behaviour, an inadequate curriculum or poor teaching. Addressing those issues is at the core of the Bill.

That is also why we have launched a major review of the national curriculum—we want to ensure that our schools are teaching at least the core knowledge of the main academic disciplines—and why we have introduced the English baccalaureate to include GCSEs in English, maths, science, history or geography and a language. My hon. Friend the Member for Bristol North West (Charlotte Leslie) was right to argue in a powerful speech that this is not an elitist education. It is elitist to say that children from poorer backgrounds are not entitled to a broad academic education. That is elitist and backward looking. It is that attitude that has led to this country having wider equality gaps than most other countries in the OECD.

My hon. Friend the Member for Beverley and Holderness (Mr Stuart) asked whether the duties in the Bill on school provision of independent careers advice will apply to new academies. They will do so through their funding agreements. He also asked how we can prevent competition from damaging co-operation between schools. Our whole approach is to encourage the best professionals and schools to support the improvement of other schools. That is why outstanding and good schools converting to academies are required to support weaker schools, and why we are increasing the number of national and local education leaders. The hon. Member for Huddersfield (Mr Sheerman), the former Chairman of the then Select Committee on Children, Schools and Families, is right to say that we need to take the party battles out of the education debate, and to look at the evidence—an approach that he always took when I served under his excellent chairmanship of the Select Committee. I welcome his comments about the Bill.

I felt that the shadow Secretary of State, the right hon. Member for Leigh (Andy Burnham), overstated his case, perhaps for internal Labour party reasons and the need to be seen to oppose. However, he was also wrong on a number of issues. Local authorities will continue to be responsible for co-ordinating admissions, parents will continue to be able to complain to the school governing body and then to the Secretary of State, and, on exclusions, parents will have the right to appeal to an independent review panel. My hon. Friends the Members for North Cornwall (Dan Rogerson) and for Bedford (Richard Fuller) will be pleased to learn that we are considering the expertise on the panel, including that on special educational needs. The adjudicator will continue to investigate complaints, and we are extending his role to academies, which I hope will reassure my hon. Friend the Member for Mid Dorset

[Mr Nick Gibb]

and North Poole (Annette Brooke). The shadow Secretary of State was also wrong about apprenticeships. Under the Bill, every 16 to 18-year-old who secures an apprenticeship place will have their training funded. Next year's budget will be more than £1.4 billion, funding more than 350,000 apprenticeships.

The key objectives of the Bill are to raise standards of behaviour in our schools, to return authority to teachers and head teachers, and to send a message to schools that this is a Government who will support teachers. If teachers tell us that we are not doing enough on discipline, we will do more: clarifying and strengthening the rights of teachers, anonymity when facing damaging false accusations and abolishing the statutory requirement for 24 hours' written notice of detentions. We are sweeping away swathes of bureaucratic burdens from the desks and staff rooms of the teaching profession in order to send the message that we trust teachers as professionals. We are abolishing five quangos while strengthening accountability and increasing choice for parents. The White Paper, "The Importance of Teaching", set out a programme of reform designed to close the attainment gap between those from the poorest and wealthiest backgrounds, and to reverse this country's decline in international performance tables so that all who are educated in our state schools have the opportunity to compete with the school leavers and graduates of countries with the best performing education systems.

We want an education system in which left-leaning journalists no longer feel they have no choice but to send their children to the independent sector. We want an education system where high performing schools such as Durand primary school, Mossbourne academy in Hackney and Twyford Church of England school are no longer regarded as extraordinary. This is a Government serious about education reform. The White Paper sets out our path, and this Education Bill marks a further stride towards delivering high-quality education for all. I commend the Bill to the House.

Question put, That the Bill be now read a Second time.

The House proceeded to a Division.

Mr Speaker: I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 324, Noes 244.

Division No. 193] **[9.58 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crockart, Mike
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Jenkin, Mr Bernard
Johnson, Gareth
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica

Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Selous, Andrew
Sharma, Alok
Sheerman, Mr Barry
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Stephen Crabb and Norman Lamb

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goodman, Helen
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa

Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Mr David Hamilton and Lilian Greenwood

Question accordingly agreed to.

Bill read a Second time.

EDUCATION BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)).

That the following provisions shall apply to the Education Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 5 April 2011.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*(Angela Watkinson.)*

Question agreed to.

EDUCATION BILL (MONEY)

Queen's Recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)).

That, for the purposes of any Act resulting from the Education Bill, it is expedient to authorise the payment out of money provided by Parliament of any increase attributable to the Act in the sums payable under any other Act out of money so provided.—*(Angela Watkinson.)*

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

EUROPEAN UNION

That the draft European Union (Definition of Treaties) (Partnership and Cooperation Agreement) (Republic of Indonesia) Order 2010, which was laid before this House on 15 November, be approved.—*(Angela Watkinson.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

POLICE

That the draft Police and Criminal Evidence Act 1984 (Codes of Practice) (Revision of Codes A, B and D) Order 2010, which was laid before this House on 17 November, be approved.—*(Angela Watkinson.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 9 February (Standing Order No. 41A).

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

ENERGY 2020

That this House takes note of European Union Document No. 16096/10, relating to a Commission Communication on Energy 2020: A strategy for competitive, sustainable and secure energy; and agrees that the Commission's Energy 2020 strategy is an important step towards defining the EU's energy policy over the coming decade and will underpin Europe's move to an energy-secure, low-carbon competitive economy.—*(Angela Watkinson.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 119(11)),

TAXATION OF THE FINANCIAL SECTOR

That this House takes note of European Union Document No. 15282/10 and Addendum, relating to financial sector taxation; recognises that decisions regarding direct taxes are primarily a matter for sovereign governments; supports the timely action the Government has already taken to introduce a permanent levy on bank balance sheets to ensure that banks make a full and fair contribution in respect of the potential risks they pose to the wider economy; notes that the Government continues to explore the costs and benefits of financial activities taxes and will work with international partners to secure agreement; and further supports the Government's position that an EU-wide financial transaction tax could lead to the relocation of financial services outside the EU.—*(Angela Watkinson.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 9 February (Standing Order No. 41A).

PETITION

Education Maintenance Allowance

10.17 pm

Mr Alan Meale (Mansfield) (Lab) *rose—*

Mr Speaker: Order. Before the hon. Member for Mansfield (Mr Meale) presents his petition, may I issue my ritual exhortation to hon. Members, right hon. Members, and even Ministers who are planning to leave the Chamber to do so quickly and quietly, extending the same courtesy to the hon. Member for Mansfield that they would wish in such circumstances to be extended to them?

Mr Meale: Thank you very much, Mr Speaker—although I must say that I do not mind if the Secretary of State for Education remains in the Chamber to hear the petition. He is fully aware that the abolition of education maintenance allowance is causing mayhem throughout our education system. Indeed, in North Nottinghamshire, part of which I represent, 74% of students who apply for EMA receive it in one form or another, and in my constituency of Mansfield 64% receive the maximum amount.

The petition, addressed to the honourable the Commons of the United Kingdom of Great Britain and Northern Ireland in Parliament assembled, states:

The Humble Petition of Stephen Yemm, citizen of Mansfield, Nottinghamshire, and others, including 420 other students of West Nottinghamshire College and Queen Elizabeth School, both based in Mansfield, Nottinghamshire,

Sheweth, that they are opposed to the axing of the Education Maintenance Allowance which currently helps thousands of young people reach their full potential.

Wherefore your Petitioners pray that your Honourable House calls upon the Government not to axe the EMA, but instead to continue with it supporting adult learners through this adult learning grant.

And your Petitioners, as in duty bound, will ever pray, &c.

[P000885]

Higher Education (Student Visas)

Motion made, and Question proposed, That this House do now adjourn.—*(Angela Watkinson.)*

10.19 pm

Mr Richard Bacon (South Norfolk) (Con): I am pleased to have this opportunity to debate the impact on higher education of the proposed changes to tier 4 immigration rules, otherwise known as visas for students. The importance of this issue was drawn to my attention by my constituent, Professor Edward Acton, vice-chancellor of the university of East Anglia, who is chairing the Universities UK taskforce on this issue and who, like the Minister for Immigration, has recently given evidence to the Select Committee on Home Affairs inquiry on the subject. I should remind the House at the outset that the UK punches above its weight in this area: we have one in 100 of the world's population, but seven in the top 200 of the world's best universities.

Let me start by making a couple of basic observations. First, some people will perhaps be surprised—I certainly was—to learn that proper, genuine students are seriously considered to be part of the migration figures at all. Certainly, students must be subject to proper controls and have visas—student visas—but since they are self-evidently a transient population who come to this country to study, and who spend money in doing so, and who then leave when their studies are over, it is not immediately obvious why they should be considered as migrants. There is of course an issue—a very real issue—to do with whether students actually leave and, more to the point, whether those who call themselves students are nothing of the kind but in essence migrants by a different name, playing the system to come to this country for the purposes of long-term settlement. I will come to that later, but for now let me just say that students who come from overseas to this country genuinely to study should not in my view be properly understood as migrants, in the sense that they come here to stay and settle, that by being in this country for a given period of years they somehow acquire rights to stay that they did not have at the outset, or that they are somehow the source of political anxiety about immigration—they are not. They come here, they pay significant sums into our economy, they study, they eat, they drink and then they leave.

My second observation is that I have noticed that some people talk about this issue as a political problem. "I know there is a political problem," they say, and they mean by that that this Government came to office saying that they would sort out immigration; they said that net immigration was too high and the figures would have to be reduced; and that that was the political reality that must be faced. The result is a clampdown—or potential clampdown—on visas.

One hears stories about eminent and hyper-qualified people, including some of the world's foremost jurists and scientists, being unable to come to the UK to work, although without having personal experience of each such story one never knows for sure how true they are. I can say, however, that in my constituency I have encountered a Japanese paper conservator qualified to postgraduate level in both western and eastern conservation techniques who has had to leave the country because of the new rules. On hearing such stories, people say, "That's not what we mean. We don't want to exclude those who are going to help the country." I think of what my constituents say to me on the issue. They have never said, "Let's make sure we exclude the highly skilled—those with something to offer and who are going to help the country."

The political problem in respect of immigration is quite different. My constituents are sick to the back teeth of people cheating when they want to migrate to this country—of people playing the system, and being more interested in what they can get from this country, including our benefits and health service, than in what they can contribute. My constituents hear stories about cheating, and they believe that at least some of them are true and they want it stamped out. For most fair-minded people, that is what lights the blue touch-paper in respect of immigration. There is not any desire to keep out those who will help us or those who want to study.

Keith Vaz (Leicester East) (Lab): I congratulate the hon. Gentleman both on securing the debate and on having sat through the entire Select Committee sitting this morning. He will have heard every single witness, including the Minister and the representative of Migrationwatch UK, say that they have nothing against genuine students coming here, but that the people they are against are bogus students at bogus colleges.

Mr Bacon: I was particularly interested to hear Sir Andrew Green of Migrationwatch UK, who I have always thought is a very articulate spokesman on these matters, say that he was interested in bogus students, bogus applicants, bogus colleges and genuine students who overstayed, because those categories contribute to net migration, but that he would welcome more genuine overseas students, as he thinks that is good for the country and the economy.

My fear is that genuine overseas students have been caught up in all this, so let me say how pleased I am that the Government have taken steps to deal with bogus colleges. The Select Committee on Home Affairs produced a useful report on that issue in 2009 and I gather from the Minister's evidence to the Committee today that some 58 colleges have had their status revoked and the Government have taken compliance action against a further 235, which may lead to suspension or revocation of status. I applaud those excellent and worthwhile moves. Nobody has a stronger interest in seeing bogus colleges put out of business than legitimate providers. I should add that the Committee's previous recommendation to restrict by law the use of the word "college" is a good one that Ministers should take seriously.

There is no place for bogus colleges or bogus applicants; nor is there any place for genuine applicants who overstay. We should have clear rules that everyone understands and that are enforced. If we deal with the bogus colleges, the cheats, the bogus applicants and those who fiddle the system, a great deal of the heat—the political problem about immigration—goes away. At that point, we face chiefly not a political problem, but a much more entrenched and difficult economic problem. We are all living through the consequences of the worst financial crash for a century or more. We know that this will be very painful and that severe belt-tightening will take place, and we have seen the Government make a start on that. We all know that any Government would have had to do the same. We know that we have to rebalance the economy away from its heavy dependence on financial services and have much healthier growth in other sectors.

We know that in Norfolk as well as anywhere does in the UK, because Norfolk is poised for significant growth in other areas of the economy, particularly once we get the dualling of the A11 completed, which I am pleased the Government have agreed. Norfolk is poised to help that rebalancing and not only through tourism, agriculture and high value-added food production, in which East Anglia has excelled, because there is a broader potential for growth. For example, Norwich is home to a cluster of internationally renowned research organisations in health and life sciences.

Jim Shannon (Strangford) (DUP): Does the hon. Gentleman agree that for a great many universities across the United Kingdom—particularly Queen's university in Belfast—students on visas are very important to research and development and to contact with companies? That potential needs to be realised. Does he feel that the coalition Government can make changes to ensure that the students who have the right to be in this country can make a contribution to universities and, thus, secure development?

Mr Bacon: I certainly hope so. I hope that the Government understand, if they had not already, that two in five PhDs undertaken in this country are undertaken by overseas students. Damage that and we damage the research base of this country.

More than 2,500 scientists are working at the John Innes centre near Norwich, the Institute of Food Research, the Sainsbury Laboratory, the Genome Analysis Centre and the university of East Anglia cluster, which together form the Norwich research park. That is the largest concentration of food and plant scientists in Europe. The IFR was recently ranked in the top two of 36,000 worldwide research organisations for the influence and citation of its research.

UEA also has a growing medical school and a renowned school of environmental studies. Other growing sectors include offshore and other renewable energy, including tidal, biomass and biofuel energy production. In advanced engineering the area has more than 1,000 engineering companies, employing a skilled work force of about 10,000 people, which trade around the world with the likes of Boeing, Airbus, NASA and Toyota. Group Lotus, which is based in my constituency, is developing the next generation of high-performance cars using renewable energies, as well as being the catalyst for a large cluster of advanced automotive engineering businesses along the A11 corridor. Almost every Formula 1 team is supported by engineers based in Norfolk or is using engineering invented in the county.

Mr Robert Syms (Poole) (Con): My hon. Friend is making a powerful argument. This is a very competitive area because there are other countries, other language centres, and other colleges and universities to go to. Unless we get rid of the uncertainty, we will lose millions of pounds and thousands of students.

Mr Bacon: My hon. Friend is right because the uncertainty is already proving damaging, particularly on the language issue, as I will discuss in a second. In East Anglia, we see around us the huge potential for a new rebalanced economy that places relatively less emphasis on financial services and has growth in all these other sectors. We have the potential for a golden triangle between Cambridge, Norwich and Ipswich, where BT Martlesham has its own electrical generating capacity, because it uses more electricity for computing power than many small towns.

Where is the role of the universities in all this? It is nothing short of crucial. As the Minister knows, we need more skilled people—all Governments talk about the need for more skills. Our education system produces far too many people who are not equipped to go further, which was the subject of this afternoon's Second Reading debate. Some people cannot study at university, because they do not have the basics in English, maths and science. We have a shortage of science and maths teachers, which is being made worse by a vicious circle: not enough students reaching the basic standard; not enough students studying those subjects at A-level; not enough good people therefore applying to university to study those subjects; and accordingly not enough graduates to become teachers to help solve the problem.

What is helping to break that vicious circle? The answer is overseas students. In many STEM subjects—science, technology, engineering and mathematics—courses are viable only due to the substantial proportion of enrolments from outside the UK and the EU. If we get all this wrong, we will damage the possibility of our economy recovering and rebalancing away from an over-dependence on financial services. One need only look to the United States to see the enormously important role of a vibrant university sector in driving economic growth.

In 2009, a study by the Kauffman Foundation on the impact of the Massachusetts Institute of Technology, which analysed the economic effect of MIT alumni-founded companies and their entrepreneurial ecosystem, concluded that if the active companies founded by MIT graduates were to form an independent nation, their revenues would make that nation at least the 17th largest economy in the world. The state comptroller of New York has estimated that college and student spending directly or indirectly provides nearly 500,000 jobs and generates more than $62 billion of economic activity. The comptroller of public accounts in the state of Texas has estimated that every dollar invested in the state's higher education system eventually returns $5.50 to the Texas economy.

Why are those American comparisons interesting? The United States is the most successful higher education market in the world. It is No. 1, but which is No. 2? Where is the second-favourite destination?

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): The university of Liverpool has 3,000 international students, who generate not only £30 million of income for the university but a positive, knock-on effect for our local economy. Does the hon. Gentleman agree that if we do not ensure that those students can come to the UK, we will see, at a time when we are seeing cuts to our university budgets, massive impacts on local economies?

Mr Bacon: When funding is tricky, universities are rightly looking for other sources of income—indeed, the Government have told them to do so.

As I was saying, we are the second-biggest education market in the world.

Mr David Lammy (Tottenham) (Lab): Will the hon. Gentleman give way?

Mr Bacon: I will not give way. I am sorry, but I must make some progress, because I must leave time for the Minister to answer and this is only a half-hour debate.

The UK higher education sector is a major export in a market that is set to grow rapidly. Professor Steve Smith of Universities UK told the Select Committee on Home Affairs that higher education is by some estimates the seventh largest export sector in the UK—others have put it as high as the third largest—and the market is growing by 7% a year. As the Home Secretary has pointed out, the combination of international fee income and personal off-campus expenditure by international higher education students alone already approaches £5 billion. That has become a vital income stream for universities and for the wider economy.

As I have mentioned, Professor Edward Acton told the Home Affairs Committee:

"In a tricky funding period, most universities plan to expand international numbers in the immediate future. The ability to do so reflects and enhances the performance and reputation of UK HE internationally; it is a Performance Indicator in international league tables. Culturally, the international student presence is key to ensuring our Home students prepare for and excel in a global graduate market".

The UK's international alumni provide a healthy anglophile network among public and private decision makers in every one of our trading partners. The key question for universities is whether the Government intend to promote or restrict our recruitment of bona fide non-EU students in higher education. As Professor Acton stated in his submission to the Home Affairs Committee:

"The answer might seem obvious, so forthright are No. 10, the Foreign Office and BIS on the matter and so vast are the economic, financial and cultural benefits to universities and the country."

The Foreign Secretary announced in January that

"as British Ministers fan out across the world in the months to come we will be promoting British education as well as our economy as a whole."

On his recent Asian trip, the Prime Minister emphasised

"how much we want to welcome international students to Britain"

and that international students are a

"great way of forming a partnership between our countries".

Professor Acton and Universities UK fear that the UK Border Agency is set on a course which, if it is not altered, will drastically reduce legitimate higher education recruitment with a grave threat to pre-university pathway courses, which produce an income for universities of £1 billion a year. It is very important at this point to distinguish, as Professor Acton does in his paper, between sub-degree courses and pre-university pathway courses.

The Minister will know that the international passenger survey is deeply flawed and that the Treasury Committee said three years ago that it was not fit for purpose if that purpose was to play a central role in estimating international migration. I urge him to continue engaging with the universities sector, which has offered to pay for speedy research to provide the conclusive cross-check suggested by Professor Acton in his paper. We cannot wait for several years while e-Borders gets sorted—we need action sooner than that. The Select Committee has explored these matters in depth and raised many interesting issues, such as the role of accreditation bodies and whether they should be merged, the place of post-work study and the requirement or otherwise to return to one's home country. However, I shall not dwell on those issues because there is precious little time left.

I shall concentrate on just two issues, the first of which is pre-university pathway courses. Yesterday, I visited the highly impressive £38 million INTO building at the university of East Anglia, which provides pathway courses for 700 students each year, half of whom go on to study for degrees at UEA and about half of whom go on to university studies elsewhere. That aspect of university provision is now a critical part of the international offer. Many countries do not have the equivalent of a second-year A-level and their students simply are not ready to start a university degree course without further preparation. In providing such preparation, universities such as UEA are taking a sensible entrepreneurial step to safeguard their future growth and to help safeguard the UK's higher education market and make sure that it prospers.

The second issue, which relates to the intervention of my hon. Friend the Member for Poole (Mr Syms), is the importance of the English language in the mix. At a time when French universities have started offering university courses in the English language because of the richness of the potential English-language instruction market, I need hardly stress how important it is for the UK not to damage inadvertently that market in the UK. I can speak personally for the adage that there is no place to learn a language as good as the country concerned. I was a student in Berlin, where I attended lectures in English and German, and I acquired a new respect for any student studying overseas in a language that is not their mother tongue. That is an extraordinarily difficult thing to do without help. We are spoilt in the UK because English is the world's language of business and academia. We are so used to hearing a high standard of English among educated northern Europeans such as Swedes, Germans and Dutch—at the B2 standard or higher—that we assume it is easily attainable, but it is not. Those countries have invested a huge amount over many years to get to where they are now. The B2 standard of English is not often achieved in southern Europe and is seldom achieved in east Asia. Any measures that include a requirement for a B2 standard of English as a condition of entry will have a significant, damaging effect on the market for overseas students coming to the UK.

This goes beyond language. UEA has developed the innovative Newton programme in which overseas students come to the UK to do A-levels in the sciences, mathematics and economics in a university environment and have the opportunity to attend lectures with university undergraduates in those disciplines. That is a great way of marketing the university overseas and attracts some of the highest calibre students. If there were ever an area that cried out for joined-up government it is this.

I really want to hear from the Minister on one issue above any other: do the Government intend to promote or reduce the UK's recruitment of bona fide non-EU students in higher education? We have to get out of a big hole. It is simply critical, at a time when the Government are asking universities to be more entrepreneurial, to seek out new customers and to offer new courses that meet the needs of those customers; and at a time when the whole economy needs a lift, which the university

sector can provide, that the right hand and the left hand of our Government each know what the other is doing and that we do not inadvertently choke off what should be a crucial part of this country's recovery.

10.38 pm

The Minister for Immigration (Damian Green): I congratulate my hon. Friend the Member for South Norfolk (Mr Bacon) on securing the debate. I appreciate that the unusually large attendance for an Adjournment debate means that many Members have come to intervene, but unfortunately, as my hon. Friend has taken up two thirds of the time available, I am afraid I will not be able to take any interventions. He has raised many important points that I want to address in the brief time remaining.

First, let me put the consultation into perspective. Reforming the immigration system and reducing the level of immigration to a sustainable number is one of the Government's big tasks. The uncontrolled immigration levels of the previous decade led to a loss of public confidence, strain on public services and an increase in the visibility of extremist politicians holding unpleasant views seeking to exploit the problem. We as a country need to reverse this, and we as a Government are doing just that.

We have made it clear that we will take a different approach. We will tighten up our system, stop abuse and support only the most beneficial immigrants. We set out our approach last year to economic migration, we have just finished a consultation on student migration, the specific subject of the debate, and we will consult on families and settlement. We have indicated that, through a more rigorous and controlled approach, we will see fewer non-EU migrants than in the past. Our goal is an improved system that commands the confidence of the public and serves our economic interests. We expect this to come through a system that shows a significant fall in net migration to the UK, from the hundreds of thousands annually that we have seen in recent years to tens of thousands over the course of this Parliament. To set that in perspective, in 2009 net migration was at nearly 200,000 and continued rising in the early part of 2010. For non-EEA migrants—that is, excluding British and EU citizens—it was around 184,000. My principal task is to reduce the numbers coming, increase the numbers leaving when their visas are up, and eliminate abuse in the system, one of the important points raised by my hon. Friend.

I am taking action to tighten our migration system across all entry routes for non-EEA-migrants—work, study and family—and to break the link between temporary routes and permanent settlement. Some of the measures will take effect in the short term. Others will set us on a long-term road to sustainable immigration, where Britain benefits economically and culturally from new skills and backgrounds, but in a context where people are at ease with the changes that they see around them.

On the student immigration system, the majority of non-EU immigrants are students. Our public consultation on the student visa system closed on 31 January and we are carefully considering the more than 30,000 responses that we received, before finalising our proposals.

Let me deal directly with some of the points made by my hon. Friend. The UK's education system is world renowned. We remain the second most popular global destination of choice for the many thousands of higher education students who choose to study abroad each year. We want to encourage all those genuine students coming here to study at our world-class academic institutions. Genuine international students make an important financial contribution to the institutions that they attend, including our universities, where their continued contribution will be all the more important in the light of changes to the way in which those institutions are funded.

The brightest and the best students who have the greatest contribution to make to the UK will continue to be welcomed under the student route, but we remain concerned that not all those using the student route at present are genuine students whose main intention is to come to the UK to study. There are significant numbers of students whose contribution is less easily defined.

One of the interesting points that my hon. Friend makes, which has also been made to me by Professor Acton, on whose behalf he was speaking, is that we should stop counting students as immigrants—that they come, they study and they go, so they should not count. I am afraid to tell my hon. Friend that the definition of an immigrant is a UN definition. It is not under my control or under the control of the British Government. According to that definition, an immigrant is somebody who comes to stay in a country with the intention of staying for more than a year. That is the international definition.

Those who invite me to change the definition make a tempting case. I could at a stroke define away 60% of the immigration into the UK. I could, with the statistical stroke of a pen, define away the immigration problem, but I am programmed to resist temptation. In all seriousness, the idea that any Government could say, "We've solved the serious problem of immigration simply by redefining what immigrants are" would have no credibility. It would clearly be an absurd thing to do. We have to keep using the internationally agreed figures that are always used.

It is important to put the arguments in a proper statistical perspective. Students now represent the largest proportion of non-EU net migration. In 2009 the student route, including dependants, accounted for approximately 139,000 out of the total net migration figure of 184,000, which is 76% of total net migration. Recent Home Office research shows that 13% of those granted settlement in 2009 were originally admitted as students—23,000 grants of settlement. Further Home Office research shows that more than one fifth of those who came here as students in 2004 were still here five years later in 2009.

Another point that is absolutely essential to understanding the debate is that all too often there is an assumption that the vast majority of those students who come here do so as university students. Actually, 41% of the students who come here from abroad do so to study a course below degree level, and abuse is particularly common at those lower levels. As my hon. Friend admitted, 58 education providers have had their sponsor licences revoked since 31 March 2009, and the vast majority of them were privately funded further education colleges.

Last year, the post-study route, which my hon. Friend mentioned, allowed 38,000 foreign graduates to enter the UK labour market at a time when one in 10 UK graduates were unemployed in their first six months

[Damian Green]

after graduating. Another common misconception is that because those highly skilled students are coming to read degrees and then take up skilled jobs in the work force, surely they are upskilling our general industrial output. In a survey of users of that system in which respondents were asked about their current employment status, of those in the tier 1 post-study work category—precisely those who are meant to be the brightest and the best doing skilled jobs—almost one fifth were unemployed and only half of those who were employed were in a skilled or highly skilled job.

It is too sweeping a statement to say that the system as it has worked up to now is not delivering highly skilled people into highly skilled jobs, because it is doing some of that, but it is also doing an awful lot of something else that I suspect Members on both sides of the House would not regard as desirable. As was mentioned in the interesting Home Affairs Committee hearing this morning, when the new system was introduced by the previous Government, there was such widespread abuse in three parts of the world that after a few months the whole system had to be suspended there: no student could be let in from parts of China, India and Nepal because of the absolutely widespread abuse that we saw.

I have already identified the private sector FE colleges that provide education below degree level as the area where we have the most worries. In the last year for which we have figures, those institutions admitted 91,000 students, so we are not talking about a small number of students on the periphery of a system that basically involves universities. We are talking about tens of thousands of students coming to institutions, the vast majority of which are not highly trusted sponsors under our system. That is why one of the key proposals in our consultation document is that only providers who are highly trusted sponsors will be able to offer courses below degree level.

Another absolutely key item on which we have consulted is a stricter accreditation system, which we need to create. The accreditation system that has grown up for those private sector colleges in recent years is clearly not adequate, and we are talking to those who regulate education, as well as looking at the way in which we regulate immigration routes, so that a new accreditation system for those institutions can be introduced which ensures our confidence in them. In the past few days, we have finished the consultation, and we will finalise our proposals over the coming weeks and, of course, announce our response to the House as soon as possible.

We want to create for student migration a strong framework that requires education providers to tighten and improve their selection and recruitment procedures. There will be a greater emphasis on quality, and we shall drive abuse out of the system. That will generate public confidence in the immigration system and ultimately be good for all the legitimate international students who are welcome to study here. Those changes to the student route are a vital building block in our overall immigration policy.

10.50 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Wednesday 9 February 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

NEW WRIT

Ordered,

That the Speaker do issue his Warrant to the Clerk of the Crown, to make out a new Writ for the electing of a Member to serve in this present Parliament for the Borough Constituency of Barnsley Central in the room of Eric Evelyn Illsley, who since his election for the said Borough Constituency has been appointed to the Office of Steward or Bailiff of Her Majesty's Three Chiltern Hundreds of Stoke, Desborough and Burnham in the County of Buckingham.—*(Ms Rosie Winterton.)*

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Value Added Tax

1. **Bridget Phillipson** (Houghton and Sunderland South) (Lab): What assessment he has made of the effect on economic growth in Northern Ireland of the increase in the basic rate of value added tax. [38253]

The Secretary of State for Northern Ireland (Mr Owen Paterson): Before answering, may I pay tribute to Ranger David Dalzell of the 1st Battalion the Royal Irish Regiment? He came from Bangor, but he was also stationed with his regiment in my constituency at Tern Hill. I am sure the whole House will join me in offering our condolences to his family and friends, and thanking this brave young man for his service to his country after he was killed in Helmand this week.

The reckless years of debt and spending made the VAT rise a necessary step for national economic recovery. Forecasts from the Office for Budget Responsibility show that the Government's plans will deliver sustainable growth for each of the next five years, with employment rising by 1.1 million by 2015, and the deficit falling.

Bridget Phillipson: When will the Secretary of State set out his paper on rebalancing the Northern Ireland economy? That is particularly crucial at a time when the VAT rise is damaging local retailers.

Mr Paterson: The hon. Lady is correct. We need to bring the paper forward as a team effort, working with local Ministers. I will come to that in response to later questions. We had a very satisfactory meeting with the Exchequer Secretary earlier this week, and we hope to publish the paper as soon as possible.

Mr Laurence Robertson (Tewkesbury) (Con): Further to that answer, how long will the consultation period on the document be when it is released?

Mr Paterson: I am grateful to the Chairman of the Select Committee on Northern Ireland Affairs for his question. That has to be finally decided, but I would estimate that we should have a public consultation period of two to three months.

Jim Shannon (Strangford) (DUP): I associate myself with the comments of the Secretary of State on Ranger Dalzell. Across the House we are all well aware of the bravery and courage that all those young men show. We sympathise with his family at this time.

On VAT, shoppers from the Republic of Ireland coming across to Northern Ireland contribute greatly to the economy of Northern Ireland. The VAT increase has impacted directly on Northern Ireland, leading to a 10% reduction in sales and a 28% reduction in exports. What will the Secretary of State do to address that?

Mr Paterson: I am grateful to the hon. Gentleman for his comments on Ranger Dalzell.

Cross-border taxation is an issue that we will consider as part of the paper. We are acutely aware of the ability of consumers to move their spending rapidly either way, depending on taxation.

Mr Peter Bone (Wellingborough) (Con): Can the Secretary of State put into context the changes in taxation? Basic rate taxpayers in Northern Ireland have had their personal allowance increase, which has taken many of them out of the tax net.

Mr Paterson: We regard Northern Ireland as an integral part of the United Kingdom. Northern Ireland taxpayers pay their tax and receive public spending in return.

Mr Shaun Woodward (St Helens South and Whiston) (Lab): I join the Secretary of State in his tribute to Ranger Dalzell and his family.

The Secretary of State has made it clear that he wants to be Northern Ireland's man in the Cabinet. As he knows, following the rise in VAT instituted by his Government, a litre of fuel in Northern Ireland is the most expensive in any part of the UK. Can he tell the House why it is more expensive in Belfast than in North Shropshire, and what a litre of fuel costs in Belfast this morning?

Mr Paterson: Prices vary from 120p to 133p for petrol or diesel, but the right hon. Gentleman should remember that it was his Government who increased the rate of duty on fuel. He was in the bunker with the great incompetent for Kirkcaldy and Cowdenbeath (Mr Brown), who got the country into this mess in the first place.

Mr Woodward: I am glad that the Secretary of State managed to find an answer in his folder. The First Minister and Deputy First Minister are asking him urgently for help in Northern Ireland now. He has been in the job for nearly a year, but so far there has been no real help on the economy, just a promised paper on the economy that is still stuck in the printing press. Meanwhile, VAT is up, fuel prices are up and private sector business activity is reporting the biggest fall in 26 months. Hundreds

are losing their jobs at Belfast Metropolitan college, 4,000 more are due to lose their jobs in health and social services and tens of thousands more jobs will go in the public sector. In Dublin, demand evaporates. Now we learn that he is losing his battle with the Chancellor for a future grab on end-of-year funding from the Executive. We can all see that it is hurting. When are people in Northern Ireland going to see it is working?

Mr Paterson: I do not know how the right hon. Gentleman has the nerve. When he was sitting in the bunker in Downing street shoring up his former boss, who overruled the right hon. Member for Edinburgh South West (Mr Darling) when he wanted to raise VAT, the *Belfast News Letter* found out that I was in Northern Ireland more than he was. We were in the danger zone in May, but thanks to the measures that we have taken, everyone in the UK, including in Northern Ireland and Lancashire, are in a better place as we establish stability in the public finances. We cannot go on spending £120 million a day on debt interest.

Stop-and-search Powers

2. **Grahame M. Morris** (Easington) (Lab): What his policy is on the use of stop-and-search powers by security forces in Northern Ireland. [38254]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): My right hon. Friend the Secretary of State updated the House this morning on plans to make amendments to powers of stop and search in Northern Ireland. These powers are essential in Northern Ireland for tackling the threat from terrorism. They have prevented attacks, saved lives and led to arrests and convictions. The Police Service of Northern Ireland uses all available legislation to deal with the terrorist threat. Oversight and accountability mechanisms are in place to ensure that powers are used properly.

Grahame M. Morris: I thank the Minister for that response and for the statement that has been placed in the Library. The use of section 44 powers has undoubtedly saved lives in Northern Ireland, along with powers under the Justice and Security (Northern Ireland) Act 2007. What assurances can he give the House that the PSNI will in no way be hampered in its efforts to disrupt and prevent terrorist activities?

Mr Swire: That is an entirely legitimate question. The changes that we are making are to bring legislation in Northern Ireland into line with changes to section 44. The hon. Gentleman should be reassured, because, as he would imagine, we have been discussing these matters closely with the PSNI. It has a range of other powers at its disposal, but I agree that it would be a retrograde step to limit its powers at what is a difficult time in Northern Ireland. The proposed amendment will not do that.

Lady Hermon (North Down) (Ind): Will the Minister kindly confirm the precise details of the Army's powers of stop and search if deployed in Northern Ireland?

With your leave, Mr Speaker, I would like to take this opportunity to thank colleagues on both sides of the House for their generous tributes to my young constituent—only 20 years of age—David Dalzell, who fought alongside his fellow Rangers in 1st Battalion the Royal Irish Regiment with great courage, enthusiasm and pride, but sadly lost his life in a tragic accident in Afghanistan at the weekend. I thank all Members for their comments today.

Mr Swire: I associate myself with the hon. Lady's comments. I can confirm that there are no plans to change the powers of stop and search for the military in Northern Ireland.

Mark Durkan (Foyle) (SDLP): How can the Minister justify not changing the Army's powers of stop and search in Northern Ireland, which exceed those granted to the police under the 2007 Act? They are not subject to annual renewal by Parliament as emergency provisions, as they were throughout the years of the troubles, and are now permanent and not subject to any of the accountability checks that apply to police powers?

Mr Swire: The hon. Gentleman will be aware of the rising terrorist threat in Northern Ireland, and he will recognise the part played by the military's bomb disposal units and the need to go about their business, not least in his own city of Londonderry, where unfortunately we had an incident recently.

Mr Gregory Campbell (East Londonderry) (DUP): When the police in Northern Ireland have used stop-and-search powers, they have used them when there is a reasonable suspicion of terrorist activity. Will the Minister reassure the House that that will continue to be the case? Dissident republican activity is on the rise, and those powers are required principally and forcibly by the police to thwart that terrorist threat.

Mr Swire: Look, we want to make those powers watertight; we do not wish to water them down. It is because the PSNI has used those powers proportionately that we are where we are with section 44, and the Home Secretary was clear in saying that. She went to Northern Ireland and specifically said that the PSNI had been behaving properly, but we do not want anything we do in Northern Ireland to be subject to a possible challenge. That is why we are taking that action, and why a code of practice will be worked out in conjunction with the PSNI—as I say, to make the powers that we have watertight, not to water them down.

Police Service of Northern Ireland

3. **Mr Wayne David** (Caerphilly) (Lab): What arrangements he has made to ensure that the Police Service of Northern Ireland has the resources to meet threats from dissident activity. [38255]

The Secretary of State for Northern Ireland (Mr Owen Paterson): Funding for the PSNI is primarily a matter for the Northern Ireland Executive. However, this Government are committed to ensuring that the Chief Constable has the necessary resources to counter the threat posed by terrorist groups. The Northern Ireland Justice Minister has made a strong case to the Treasury for access to additional resources, but discussions are continuing at the highest level, and I am confident that we will have a satisfactory outcome soon.

Mr David: The Chief Constable of the PSNI has requested an extra £200 million to deal with the perceived dissident threat in Northern Ireland. Yesterday the Chancellor of the Exchequer said that he was "interrogating the request". Surely we should have had a proper response by now.

Mr Paterson: The hon. Gentleman is quite right: the Chief Constable and the Justice Minister have made that request, and we are taking it extremely seriously. The bid is, of course, for money over four years, which is probably unprecedented for the reserve, and it is not an easy matter, given the national economic circumstances that we face. I remind the hon. Gentleman, however, of the Chancellor's words yesterday. He said:

"We will treat the request with due diligence, but I am clear that security comes first. That will be my priority." —[*Official Report*, 8 February 2011; Vol. 523, c. 148.]

Patrick Mercer (Newark) (Con): The Secretary of State will no doubt be as delighted as I am by the proposed visit of the Queen down to Dublin, but he will have seen the news on republican websites that there is likely to be dissident activity. What assistance will be given to the PSNI during that difficult period?

Mr Paterson: My hon. Friend will know that no visit has formally been confirmed, although everyone in the House would welcome one. I should like to confirm that we have the closest possible collaboration with the Garda Siochana out in Dublin. A couple of weeks ago I met the new commissioner, Martin Callinan, and I am delighted to say that he is absolutely as robust and as determined to face down those terrorists as his predecessor, Fachtna Murphy.

Ms Margaret Ritchie (South Down) (SDLP): Given the continuing perceived threat from dissident activity, the disruption to normal human and economic activity two weeks ago in Belfast, and the calculating callousness of leaving a booby-trap device on a child's bicycle, will the Secretary of State now take action to ensure that intelligence is transferred from MI5 to the Police Service of Northern Ireland, which has all the accountability mechanisms in place?

Mr Paterson: I agree with the hon. Lady about the disgusting nature of those terrorists: booby-trapping a child's bicycle is absolutely revolting. I know that her strong belief is that the regime should be changed, but at this moment it would be crazy to move the furniture around. Let me make it very clear that Lord Carlile, who conducted an independent review of the matter, said that MI5 and the Police Service of Northern Ireland are working very closely together, and that we could not do more work, or do it more energetically, to deal with what is a very difficult threat. I am afraid that we just have to disagree on this matter, but I do agree that we have to do everything that we can to bear down—

Mr Speaker: Order. I am immensely grateful to the Secretary of State, but we must move on.

Mel Stride (Central Devon) (Con): Although PSNI funding is rightly the responsibility of the devolved Administration, will my right hon. Friend reassure the House that, in the event that dissident activity becomes much stronger, resources may be made available from the UK Government?

Mr Paterson: I thank my hon. Friend for that question. We made it clear that a bid has been made by the Justice Minister, whom I met on Monday and talked to this morning on the phone. We are raising this at the highest level of government and we are determined to stand by Northern Ireland and do the right thing.

Stephen Pound (Ealing North) (Lab): It would be churlish of me to let this occasion pass without congratulating the right hon. Gentleman, the Minister of State, on his elevation to the Privy Council, and I do so with pleasure.

It would be negligent of me—

Mr Speaker: Order. Let me say to the hon. Gentleman that there is real pressure on time, so let us get on with the question.

Stephen Pound: It would be negligent of me, Mr Speaker, not to remind the Secretary of State that the request for additional funding has been with the Treasury since last year—for months. The signal that we send to dissident terrorists is the most important thing here. Will the Secretary of State fight for Ulster, fight against the dissidents and fight with the Treasury to get this money, which the PSNI needs now?

Mr Paterson: I thank the hon. Gentleman for his congratulations to my right hon. Friend. He is not quite right about the request—*[Interruption.]* No, he is not right to say "months". The Minister of Justice has negotiated within the Executive and got a significant increase from his fellow Ministers, which we welcome. Having resolved where he stood with the Executive, he then wrote to me with a request calling on the reserve. That letter came to me in January.

Security

4. **Graham Evans** (Weaver Vale) (Con): What recent assessment he has made of the level of threat to security in Northern Ireland posed by residual terrorist groups; and if he will make a statement. [38256]

6. **John Woodcock** (Barrow and Furness) (Lab/Co-op): What recent assessment he has made of the threat to security in Northern Ireland from dissident groups. [38259]

9. **Glyn Davies** (Montgomeryshire) (Con): What recent assessment he has made of the level of threat to security in Northern Ireland posed by residual terrorist groups; and if he will make a statement. [38262]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): The threat level in Northern Ireland remains at severe. So far this year there have been 15 arrests and three persons charged with terrorist-related offences. This follows 210 arrests and 80 persons charged in 2010. The severity of the threat was highlighted by the recent Antrim road incident, for which there have been three

arrests in the past 48 hours. This attack not only endangered lives but also caused major disruption to local communities and businesses.

Graham Evans: I thank my right hon. Friend for that answer. Does he agree that cross-border co-operation between the north and the south is essential to address the level of threat posed by terrorist groups?

Mr Swire: In a word, yes. My hon. Friend will have heard my right hon. Friend the Secretary of State say that he has now met the new chief of the Garda Siochana, Martin Callinan. We continue to work very closely with the Garda, which has had some very lucky finds and some finds as a result of its hard work and co-operation with the PSNI. We applaud the work—

Mr Speaker: Order. We are very grateful.

John Woodcock: The Minister has made it clear that he is in negotiation with the Treasury over the extra funds needed to tackle dissident groups. Can he say at this stage whether he agrees with the assessment of the Chief Constable that this money is required?

Mr Swire: Clearly we do, because we have endorsed it. These things do not come out of the blue. We are working very closely with the PSNI. We continue to work with the Department of Justice and David Ford, and we continue to work with the Treasury. The hon. Gentleman needs to think about the sums of money that are involved in all these things. He would surely agree that it is only fit, right and proper that the Treasury looks at all applications for funding very closely so that we do not find ourselves in the same hole that we were in when we came into power in May last year.

Glyn Davies: The recent third annual report of the independent reviewer of the Justice and Security (Northern Ireland) Act 2007 states:

"So far as terrorism is concerned, the activities of the residual terrorist groups have been dangerous and disruptive."

What steps is my right hon. Friend taking to help Northern Ireland to combat this threat?

Mr Swire: The threat in Northern Ireland is extremely serious. The majority of people in Northern Ireland are against the residual terrorist groups, which have no support in the community and are disrupting businesses. In the case of the Antrim road incident, they put about 100 people out of their houses on one of the coldest nights of the year. We continue to work extremely closely with the PSNI. The PSNI works with the Garda in the Republic of Ireland to bear down on these terrorists. We are certain that we can do that and drive them out. They have no place in modern Northern Ireland—

Mr Speaker: Order. I thank the Minister for his answer.

Dr William McCrea (South Antrim) (DUP): Intelligence agencies tell us that a republican group in County Tyrone is planning to announce its appearance with a bombing wave in Northern Ireland. One hundred members of the Provisional IRA have seemingly pledged their allegiance to this new group. Can the Minister assure the House that any republican prisoner released under the Belfast agreement who becomes a member of this group will immediately be returned to prison?

Mr Swire: I can reassure the hon. Gentleman that the Secretary of State and I keep under constant review the possibility of recalling those who have been released earlier. It is under constant review.

Naomi Long (Belfast East) (Alliance): I thank the Minister and the Secretary of State for the work they have been doing with the Treasury to address the problems that are faced with dissident terrorist activity. Is the Minister concerned that the current to-ing and fro-ing is giving succour to those dissident terrorists when what the Treasury needs to do is to stand by commitments made?

Mr Swire: No, I do not believe that. I do believe, as I said to the hon. Member for Caerphilly (Mr David), that the PSNI has made a good case to the Treasury. We have worked on that with the PSNI and the Department of Justice. It is now up to the various bodies involved to negotiate an outcome. I can only repeat what the Chancellor said yesterday in answer to the hon. Member for Ealing North (Stephen Pound):

"I am clear that security comes first."—[*Official Report*, 8 February 2011; Vol. 523, c. 148.]

I have no reason to suppose that the Chancellor has changed his mind in the intervening 24 hours.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): Will the Minister comment on the assessments that have been made of the intentions of dissident republicans here on the mainland with regard to the preparations for the Olympics? What might that activity mean in terms of future terrorist attacks here?

Mr Swire: The right hon. Gentleman asks that question 15 years to the day since the Canary Wharf bombing, which heralded the end of the IRA ceasefire. It is therefore a timely question on a date that we all remember. Of course, there is a threat here from Northern Ireland-related terrorism. That is why, for the first time ever, the Home Secretary raised the threat level. I assure hon. Members that all services are working closely together to ensure that any attempt to disrupt the Olympics or any other occasion of national importance in the coming months or years—

Mr Speaker: Order. We are grateful to the Minister.

Economic Development

5. **Greg Hands** (Chelsea and Fulham) (Con): What recent discussions he has had with Ministers in the Northern Ireland Executive on economic development in Northern Ireland. [38258]

The Secretary of State for Northern Ireland (Mr Owen Paterson): The Minister of State and I met last week with the Exchequer Secretary and Northern Ireland's First Minister, Deputy First Minister, Minister of Finance and Personnel, and Minister of Enterprise, Trade and

Finance to discuss the Government paper on rebalancing the Northern Ireland economy and promoting investment and growth.

Greg Hands: Given the coming corporation tax cut, the national insurance contributions holiday for small businesses and the avoidance of Labour's national insurance tax increase next month, does the Secretary of State agree that this Government are restoring Northern Ireland's reputation as a destination for inward investment, which was badly damaged by the previous Government?

Mr Paterson: I endorse my hon. Friend's comments. We had an excellent meeting at Hillsborough only last week with a number of major businesses, at which we saw significant investment coming in from Denmark. I am pleased to say that our plans were endorsed by a coalition of significant business organisations last week.

David Simpson (Upper Bann) (DUP): Will the Secretary of State outline his assessment of the potential impact on the Northern Ireland economy of the reduction in corporation tax, and of its cost?

Mr Paterson: The coalition of businesses that I mentioned gave an estimate last week of 94,000 jobs, and the Northern Ireland Economic Reform Group published a report yesterday with an estimate of 90,000 jobs. On the costs, the hon. Gentleman should consider the case of Canada, where corporation tax has been reduced over recent years and revenue has increased. He will have to be patient and wait for the publication of our paper, which I hope will happen soon.

Dr Alasdair McDonnell (Belfast South) (SDLP): Does the Secretary of State agree that Northern Ireland urgently needs meaningful action on creating economic opportunity? Has there been any discussion about how we might create the authority for the Northern Ireland Executive to create bonds, thereby creating private funding to boost our construction industry and build the necessary schools and infrastructure that are missing?

Mr Speaker: Order. There is far too much noise in the Chamber. [HON. MEMBERS: "Hear! Hear!"] Agreement is one thing; abiding by it is another. Ministers cannot even hear what is being asked. A bit of order please.

Mr Paterson: I am grateful to the hon. Gentleman for his question. We will have a consultation period once the paper is published. He made an interesting suggestion, which the Chancellor will have heard. I hope that he will put it through formally in the consultation process.

Economic Affairs

7. **Chris Evans** (Islwyn) (Lab/Co-op): When the Government expect to publish their proposals for rebalancing the Northern Ireland economy. [38260]

The Secretary of State for Northern Ireland (Mr Owen Paterson): The Exchequer Secretary, the Minister of State and I continue to work intensively with Northern Ireland Ministers on the Government's consultation paper to set out measures aimed at rebalancing and growing the Northern Ireland economy. We hope to complete our work and publish the paper soon.

Chris Evans: Does the Secretary of State accept that the Northern Ireland economy needs to stimulate the private sector? How do the Government propose to do that?

Mr Paterson: The hon. Gentleman is right. According to one report, Northern Ireland's economy depends on public spending for 77.6% of its gross domestic product. That is wholly and totally unsustainable. I have been visiting Northern Ireland for three and a half years now and visiting businesses, and we are considering a whole range of measures for rebalancing the economy and helping to promote the private sector, which will be published in our report. There are excellent private businesses in Northern Ireland, just not enough.

Ian Paisley (North Antrim) (DUP): The Secretary of State will be aware that to travel from Aldergrove airport in Northern Ireland on a transatlantic flight, a passenger has to spend an additional £150 in tax. If he travelled from the south of Ireland, 90 miles away, as of 1 March he would pay €3 in tax. What is the Secretary of State going to do about that to encourage people to travel on transatlantic flights from Northern Ireland?

Mr Paterson: The hon. Gentleman raises an important issue. I discussed it with Declan Kelly, the US envoy, 10 days ago, and it was also discussed at our meeting with local Ministers and the Exchequer Secretary earlier this week. My right hon. Friend the Minister of State is working on it with colleagues in the Treasury.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [39061] **Roger Williams** (Brecon and Radnorshire) (LD): If he will list his official engagements for Wednesday 9 February.

The Prime Minister (Mr David Cameron): I am sure the whole House will wish to join me in paying tribute to Ranger David Dalzell, from 1st Battalion the Royal Irish Regiment, who died on Friday, and Warrant Officer Class 2 Colin Beckett, from 3rd Battalion the Parachute Regiment, who died on Saturday. They were both highly respected soldiers who served with the utmost dedication and pride. They will be hugely missed by their colleagues and by all who knew them, and our deepest sympathy should be with their family and their friends.

This morning I had meetings with ministerial colleagues and others, and in addition to my duties in the House, I shall have further such meetings later today.

Roger Williams: I know that the whole House will want to join the Prime Minister in his expression of sympathy for the recent loss of life in Afghanistan. Training establishments in my constituency, such as the Sennybridge ranges and the infantry battle school, have built up very good relationships between the community and the military, which are ongoing and strengthening.

UK universities have a worldwide reputation for teaching and research. Many foreign students wish to attend those universities, and they are important not least because of the £5 billion that they contribute to the national economy. Many universities are very concerned that Government proposals—

Mr Speaker: Order. A short, sharp question, please.

Roger Williams: Can the Prime Minister give an assurance to the universities that any proposals will not discourage the recruitment of genuine students?

The Prime Minister: The hon. Gentleman makes an extremely good point. Our universities in this country are world-class, and we want students from around the world to come to those universities to study, not just for the contribution that they bring financially but because of the links they will make between our country and their country in years to come.

I can tell the hon. Gentleman that we are not currently looking at limits on tier 4 immigration visas, but I make this point to anybody who is concerned about the issue: I profoundly believe that we can have excellent universities, open to foreign students, and control immigration at the same time. The reason I am so confident is that last year there were about 91,000 students who did not go to the trusted universities but went to other colleges—some 600 colleges. I am sure that the extent of the abuse is very great, and if we crack down on that abuse we can make sure that there are many students coming to our excellent universities.

Edward Miliband (Doncaster North) (Lab): I join the Prime Minister in paying tribute to Ranger David Dalzell, from 1st Battalion the Royal Irish Regiment, and Warrant Officer Class 2 Colin Beckett, from 3rd Battalion the Parachute Regiment. We should all remember both men for their heroism, their dedication and their sacrifice, and our deep condolences go to their family and friends.

Can the Prime Minister tell us, how is his big society going?

The Prime Minister: I actually believe that almost every single Member of this House of Commons backs what we are talking about. Let me just explain what it is. The idea of devolving power to local authorities, and beyond to communities, was in his manifesto, in my manifesto and indeed in the Liberal Democrat manifesto. I think we all support it. The idea of opening up public services to more local involvement and control, again, was in all our manifestos, and we support it. I believe that probably every single Member of the House spends time in their own constituency encouraging volunteering and philanthropic giving, and wants people to play a bigger part in a bigger society. I think the whole House is united on that.

Edward Miliband: We all support thriving communities, which is why there is such concern from charities up and down the country. Why does the Prime Minister not listen to people who know a lot about volunteering, such as Dame Elisabeth Hoodless, the chief executive of Community Service Volunteers, which is the largest volunteering charity in Britain, who says that his policies are "destroying the volunteer army"?

The Prime Minister: Obviously, I do not agree with what Dame Elisabeth Hoodless has said, but I want to work with all those involved in charities and voluntary bodies to encourage them to play a strong part. We are putting £470 million into charities and voluntary bodies across this spending review. We are also establishing a £100 million transition fund to help charities that are affected by cuts. I can today tell the right hon. Gentleman for the first time that because of our deal with the banks the big society bank—*[Interruption.]* Wait for it. The big society bank will be taking £200 million from Britain's banks to put into the voluntary sector. Labour would have got nothing out of the banks, so I am sure that he will want to stand up and welcome that.

Edward Miliband: The Prime Minister does not mention that he is cutting billions of pounds from voluntary sector organisations up and down this country. Let us take an example of where parents volunteer and of a crucial part of local communities: Sure Start. Before the election, he promised to protect Sure Start, but in fact he decided to cut funding by 9%, and the Daycare Trust says that 250 Sure Starts are expected to close. Can he tell us how that is helping the big society?

The Prime Minister: First, let me just say this: Labour put money into the banks; we are taking money out of the banks and putting it into the big society.

The right hon. Gentleman asks specifically about Sure Start and the Daycare Trust. I must say that, not for the first time, he has not done his homework, because the chief executive of the Daycare Trust, Anand Shukla, said:

"The Government has allocated sufficient funding for the existing network of Sure Start Children's Centres to be maintained"—*[Interruption.]*

Mr Speaker: Order. These exchanges are excessively rowdy—*[Interruption.]* Order. Again, I must ask Members on both sides to consider what the public think of this sort of behaviour. The Prime Minister—*[Interruption.]* Order. Questions will be heard, and the answers from the Prime Minister will be heard.

The Prime Minister: I look forward to the answer to this one. We have maintained the money for Sure Start and the money for children's centres, and the head of the Daycare Trust backs our view rather than the right hon. Gentleman's.

Edward Miliband: No, the Prime Minister has cut the funding and we will judge him on whether Sure Start centres close over the coming months.

The problem with the Prime Minister's argument on local government, and with the nonsense peddled by the local government Secretary, is that they say they can make 28% cuts in local government funding and not affect any front-line services. What does the Conservative head of the Local Government Association say about that? She says that the local government Secretary is "detached from reality".

Let us ask about libraries. Four libraries are threatened with closure in the Prime Minister's own constituency, and hundreds are threatened up and down the country. Can he explain to people who are concerned about that how he expects people to volunteer at the local library if it is being shut down?

The Prime Minister: Let me just deal with the right hon. Gentleman's question on Sure Start. I know he got that wrong—*[Interruption.]* We will come to libraries in a minute. On Sure Start, the budget is going from £2.212 million to £2.297 million. That budget is going up. That is what is happening.

The right hon. Gentleman gave a particular example, so let me put one to him—*[Interruption.]* We will come to libraries. Let me take the case of one council: Liverpool council. The cuts will mean that, by 2013, Liverpool council will go back to the level of grant it received in 2009, so what we are seeing is politically motivated moves by Labour councils. I remember the times when Labour leaders stood up to Labour councils that made those decisions.

On the issue of libraries, because we are taking council spending back generally to the level of the grants in 2007, I see no reason why they should not continue with a very well funded network of libraries. We all know a truth about libraries, which is that those which will succeed are those that wake up to the world of new technology, the internet and everything else, and investment goes in. That is what needs to happen. Should councils look at community solutions for other libraries? I believe that they should. Instead of sniping and jumping on every bandwagon, the right hon. Gentleman should get behind the big society.

Edward Miliband: Only this Prime Minister could blame the libraries for closing. He needs to understand why his big society idea is in such trouble. It is because libraries, Sure Start centres, citizens advice bureaux, community centres—including in Hammersmith and Fulham, his flagship council—which are at the heart of our society, are threatened with closure up and down the country. If it is going so well, why does his big society adviser, Paul Twivy, say that this idea

"is increasingly loathed by the public"?

The Prime Minister: We were all waiting for the right hon. Gentleman's big idea, and we have now got it. Labour has published its fresh new ideas. The tree was chopped down, but there is nothing in the book. We all knew that we wanted a blank page, but no one thought that he would publish a whole book of them. What are his plans? What are his great ideas? He has not got a single idea for making this country a better place. Instead of sniping, why does he not join in and work out how we could build a bigger society in our country?

Edward Miliband: The Prime Minister should not get so angry: it will cloud his judgment. He is not the first Prime Minister I have said that to—[Hon. Members: "Oh."] Did not the right hon. Member for Haltemprice and Howden (Mr Davis) get to the truth behind the Prime Minister's motives? The right hon. Gentleman said:

"If you talk about the small state, people think you're Attila the Hun. If you talk about the big society, people think you're Mother Teresa."

After what the Prime Minister is doing to charities up and down this country, no one will think he is Mother Teresa. Is not the truth being exposed day by day—he is cutting too far and too fast, and society is becoming smaller and weaker, not bigger and stronger?

The Prime Minister: The problem with everything that the right hon. Gentleman has said is that all the cuts that we are having to make are because of the complete mess that he made of the economy. That is the background for this whole debate. We now know what they think of the inheritance that they left us, because the shadow Chancellor has said:

"I don't think we had a structural deficit at all in that period".

The Institute for Fiscal Studies says:

"By the eve of the financial crisis…the UK"

had

"one of the largest structural budget deficits in the developed world."

May I advise the right hon. Gentleman that the first stage of recovery is to recognise that you have a problem? The truth about the Opposition is that they doubled the debt, let the banks rip and bankrupted the country, and their only message is, "Let us do it all over again."

Q2. [39062] **Nick de Bois** (Enfield North) (Con): My constituent, Rifleman Jack Otter, lost both his legs and an arm while serving in Afghanistan more than 15 months ago. I am sure that the Prime Minister and the whole House understand the debt that we owe Jack and others like him who have served our country. With the number of British soldiers losing limbs having increased by 40% from 2009 to 2010, does the Prime Minister agree that it is important that we find access to new resources to ensure that patients and staff at Headley Court can continue their excellent standard of work, which is sadly coming under greater pressure?

The Prime Minister: My hon. Friend makes an incredibly important point about what is happening in terms of the number of people returning as single, double and sometimes treble amputees, and about what we as a society must do to support them. I have visited Headley Court, and I know that many others have done so. It is an absolutely magnificent facility. A new ward opened in September last year and it now has a capacity of 111 trauma beds. Because of what Help for Heroes has done, there is a 25-metre swimming pool, a Battle of Britain gym with a sprung sports floor and a centre for mental and cognitive health. But we must go on ensuring that that magnificent facility is continually improved and that we do everything for our brave returning soldiers.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Just over a year ago the Prime Minister visited a maternity unit and found our midwives to be overworked. As a result, he promised that, with a Conservative Government, he would bring about 3,000 more midwives. A year on, could he tell us how he has gone about that?

The Prime Minister: The first thing that we have done is ignored the advice from Labour and increased the NHS budget. We would not be making progress on any of these health issues if we had followed the advice of the hon. Lady's party and cut the NHS. We do need more midwives and more resources; we are making sure that those are going in.

Q3. [39063] **Mr Christopher Chope** (Christchurch) (Con): Will the Prime Minister reflect on the decision taken in the House of Lords on Monday, which was supported

by many senior Conservatives and Cross Benchers, to enable Parliament to have a review in the event of fewer than four in 10 people participating in the AV referendum? Will my right hon. Friend consider this compromise to be a reasonable one and to be consistent with the coalition agreement? Failing that, will he trust his own Back Benchers in a free vote to make their own judgments?

The Prime Minister: I have to say to my hon. Friend that we have not had thresholds in previous referendums, but I do not think that he should be so down on this. I am sure—*[Interruption.]*

Mr Speaker: Order. The Prime Minister's answer must be heard. All this noise is—*[Interruption.]* Order. All this noise is damaging colleagues' chance of getting in.

The Prime Minister: I am sure that my hon. Friend will work with me to get the turnout up, particularly for the no vote.

Jessica Morden (Newport East) (Lab): Last week a cross-party Welsh Affairs Committee report criticised the Government's proposal to close Newport passport office, which will see the loss of 250 jobs, be devastating for the economy of Newport and does not appear to be saving any money. Will the Prime Minister agree to meet me and my hon. Friend the Member for Newport West (Paul Flynn), so that we can put the case to him personally?

The Prime Minister: I am looking at this decision. It is an important decision, and I know that there is great work being done in reflecting on what jobs can be saved in Newport and Liverpool, where the two competing offices are. I am very happy to arrange for the hon. Lady to meet my hon. Friend the Minister for Immigration, because he is the one who will have to make the decision, so that he can hear from her and the hon. Member for Newport West (Paul Flynn) directly.

Nuclear Deterrent

Q4. [39064] **Dr Julian Lewis** (New Forest East) (Con): What assessment he has made of the effect of coalition politics on the future of the UK's nuclear deterrent.

The Prime Minister: We have made it clear that we are committed to maintaining a nuclear deterrent based on Trident. That is why it was excluded from the strategic defence and security review, and why we commissioned a separate value-for-money study. The replacement of Trident is going ahead, and initial gate will be passed soon. As set out in the coalition agreement, the Liberal Democrats will continue to make the case for alternatives.

Dr Lewis: When the coalition was being formed, my right hon. Friend promised a meeting of all Conservative MPs that the Liberal Democrats would support the replacement of Trident. As we know, the key decision has been postponed until after the next election, and the Liberal Democrats, from their president downwards, have been boasting that this was their achievement. Will the Prime Minister give a pledge to this House and to the country that in the event of another hung Parliament, if the Liberal Democrats demand as the price for another coalition the scrapping of Trident, he will refuse to pay that price?

The Prime Minister: First of all, let me make this point. The replacement of Trident is going ahead. The investment is going in; the initial gate will soon be passed. The reason for the delay is that we had a value-for-money study because we desperately need to save some money in the Ministry of Defence, so that we can invest in front-line capability. That is the argument there. In terms of the future, all I can say to the hon. Gentleman is that I am in favour of a full replacement for Trident, a continuous at-sea deterrent and making sure that we keep our guard up. That is Conservative policy; it will remain Conservative policy as long as I am the leader of this party.

John Woodcock (Barrow and Furness) (Lab/Co-op): But with due respect, the Prime Minister chose to break his word on the education maintenance allowance and matters such as reorganising the NHS, so why will this pledge prove any different?

The Prime Minister: I have visited the hon. Gentleman's constituency and I know how important this issue is for him. I profoundly believe that we should maintain our independent nuclear deterrent. I have looked at all the alternatives over the years, and I am completely convinced that we need a submarine-based alternative—a full replacement for Trident—in order to guarantee the ultimate insurance policy for this country. That is my view, the view of my party and the view of most of the people sitting opposite me. I believe that there is all-party support for the move.

Engagements

Q5. [39065] **Mr James Clappison** (Hertsmere) (Con): Lord Carlile, the official reviewer of terrorism legislation, said last week that this country had become a "safe haven" for terrorists. Will my right hon. Friend give the House an assurance that this Government will do all that they possibly can to deport foreign nationals who are suspected of involvement in terrorism?

The Prime Minister: My hon. Friend is absolutely right to raise this point. I have been concerned for many years that we have not been able to deport people we suspect of plotting against us in the way that we should be able to. Lord Carlile has spoken and written about this extremely clearly. We have negotiated return agreements—so-called deportation with assurance agreements—with Algeria, Jordan, Ethiopia, Libya and Lebanon, but I want us to negotiate many, many more. In the end, we must do whatever is necessary to ensure that we can keep this country safe.

Q6. [39066] **David Simpson** (Upper Bann) (DUP): Northern Ireland is still being held back by some dissident republican groups. To deal with this, the Chief Constable has asked for up-front access to the reserve allocation over the next four years. Does the Prime Minister agree that, if the threat is not dealt with, it will quickly spread to the rest of the United Kingdom? Will he grant the Chief Constable's request?

The Prime Minister: I have met the Chief Constable on several occasions since becoming Prime Minister. He came to the meeting of the National Security Council at which we discussed the security situation in Northern Ireland. We will do what is necessary to ensure that security, the police and everything else are properly funded. I think that it is right, now that these issues are devolved, that there is greater decision making and greater efforts to put money into the front line in Northern Ireland itself, but of course we always stand ready to help where necessary.

Mr David Nuttall (Bury North) (Con): The Prime Minister might recall visiting the maternity department at Fairfield hospital in Bury when he was Leader of the Opposition. Last week, despite our pledge to keep it open and despite the very useful new criteria issued by the Department of Health, the NHS in the north-west decided to continue with the closure decision that was taken by Labour. Will my right hon. Friend discuss with the Secretary of State for Health the ways in which we can keep our pledge on this matter?

The Prime Minister: I am very happy to discuss that issue with my hon. Friend and with the Secretary of State for Health. As he knows, we have introduced far tougher steps before these decisions can be taken, to ensure that local needs, and the views of patients and local GPs, are respected. The whole point about the new system, which is GP-led, is that hospitals will thrive when local people use and value them.

Q7. [39067] **David Cairns** (Inverclyde) (Lab): In the past few weeks, the Government have rebranded antisocial behaviour orders as criminal behaviour orders, renamed control orders as terrorism prevention and investigation measures, and rechristened curfews as overnight residence requirements. Does the Prime Minister not realise that no amount of rebranding will disguise the fact that a Government preparing to cut police numbers by 10,000 will be seen as nothing other than weak on antisocial behaviour, reckless on terrorism and soft on crime?

The Prime Minister: I notice that the Labour party is going a long way to rebranding new Labour as old and irresponsible Labour, and I have to say that the project is going very well.

David Rutley (Macclesfield) (Con): Does my right hon. Friend believe that the quality of the debate on the future of Britain's debt burden is enhanced by the deficit denial on the Opposition Front Bench?

The Prime Minister: My hon. Friend makes an extremely good point. The Opposition were beginning to understand that they had left us with a debt burden, and beginning to own up to it, but now, with the new shadow Chancellor, they are in complete and utter deficit denial. They have not even taken the first step to being a responsible Opposition.

Q8. [39068] **Mr Mike Weir** (Angus) (SNP): Around the country, driving test centres such as those at Arbroath and Forfar in my constituency are being closed without any consultation whatever with the local community or instructors. Surely that is the complete opposite of localism. Will the Prime Minister lean over and instruct his Transport Secretary to put a stop to such closures until there has been at the very least consultation with the local community and consideration of alternative ways to provide the service?

The Prime Minister: I understand the importance of these facilities in rural communities. As I understand it, the chief executive of the Driving Standards Agency has said that she will explore further how to continue to offer facilities in these locations. I will ask the Under-Secretary of State for Transport, my hon. Friend the Member for Hemel Hempstead (Mike Penning), to contact the hon. Gentleman to discuss this important issue with him.

Richard Graham (Gloucester) (Con): Last week, there was a memorial service in Gloucester cathedral for Tom Walkinshaw, a constituent of the Prime Minister and a legend in my city for all he did to revive Gloucester rugby. Does the Prime Minister agree that Tom, and many others like him who have invested so much of their own money in our great sports, have done a lot to increase self-belief and pride in our cities?

The Prime Minister: My hon. Friend speaks very well of someone who lived in my constituency and invested not only in rugby, but in Formula 1, which has been an absolutely world-beating industry for our country. We should celebrate that, particularly in my region, where so many people are employed in this incredibly high-tech endeavour.

Q9. [39069] **Angela Smith** (Penistone and Stocksbridge) (Lab): Does not the Prime Minister's plan to sell off the forests show once again that he knows the price of everything but the value of nothing?

The Prime Minister: Let me say to the hon. Lady and to all hon. Members who I know are very interested in this subject that we are having a consultation; we are listening to people's views. Let me make a couple of things clear. First, we will not do what happened under the last Government, which was the sale of forests with absolutely no guarantees of access. *[Interruption.]* Yes, that is exactly what they did. We also have a good opportunity to bust a few myths about this situation. The idea that all Forestry Commission forests are open to the public and do not charge is simply not true. Many forests, such as the New Forest, are not owned by the Forestry Commission and have much better access, no parking charges and very good records on habitat. While we are having this consultation, we should bust some of the myths that have been put around about this idea.

Mr John Baron (Basildon and Billericay) (Con): The latest US Department of Defence report to Congress states that the Taliban's strength lies in the Afghan people's perception that the Taliban will ultimately be victorious. Is it not now time for fresh thinking on Afghanistan, which must include getting the Americans to open talks with the Taliban, because as we proved in Northern Ireland it is possible to talk and fight at the same time?

The Prime Minister: I would say two things to my hon. Friend. First, of course there has to be a political process; almost every insurgency in history has ended

through some combination of military might and a political process. I accept that, but where I disagree with my hon. Friend is that I think that this year the Taliban will see that there is no meaningful removal of US forces from Afghanistan. This will be another year in which the Taliban are going to be heavily defeated on the battlefield, which will make a political solution more rather than less likely.

Q10. [39070] **Mr Jim Cunningham** (Coventry South) (Lab): Why is the Prime Minister cutting benefits and pensions for the armed forces? Does he intend to honour the agreement with our armed forces?

The Prime Minister: I do not accept what the hon. Gentleman says. Indeed, the armed forces are excluded from John Hutton's report, which is looking at increasing people's contributions. Let me remind the hon. Gentleman of what we have done for the armed forces. We said we would double the operational allowance for people serving in Afghanistan, and we have done that. We said that we would introduce a pupil premium, for the first time, for soldiers' children who go to our schools, and we have done that. We have said that leave for the armed forces should start when they land back in the UK, not when they leave Afghanistan, and we are doing that. This Government are very pro our armed services and their families, and want to ensure that we give them a good deal.

Ian Swales (Redcar) (LD): The whole House will regret the regular reports of tragic knife-crime incidents in this country. Does the Prime Minister agree that anyone who takes to the streets carrying a knife does so with the capability to commit grievous bodily harm or murder? What sort of punishment does he feel that these people should receive?

The Prime Minister: My hon. Friend makes an extremely important point. We must ensure that people who carry knives know that the result of that is likely to be a prison sentence. We must get tougher on what happens in terms of knife crime. Under the last Government, knife crime after knife crime was met with a caution rather than with proper punishment in courts. Labour Members can talk about knife crime as much as they like, but they were as soft as anything on it.

Q11. [39071] **Valerie Vaz** (Walsall South) (Lab): The provisions of the Health and Social Care Bill were not costed before or after the election. Given the extension of commercial providers, is it the case that the NHS is not safe in the hands of the Government, but that the hands are in the safe of the NHS?

The Prime Minister: On the NHS, I can do no better than quote the shadow Secretary of State for Health. This is what he said about our plans:

"No-one in the House of Commons knows more about the NHS than Andrew Lansley... Andrew Lansley spent six years in Opposition as shadow health secretary. No-one has visited more of the NHS. No-one has talked to more people who work in the NHS than Andrew Lansley... these plans are consistent, coherent and comprehensive. I would expect nothing less from Andrew Lansley."

That was said by Labour's shadow Health Secretary. I could not have put it better myself.

Q12. [39072] **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): Last week the Government committed more than £100 million of investment to the M6 Heysham Port road link, promising to bring much-needed new jobs and businesses to my part of Lancashire. Can the Prime Minister reassure me that, despite our economic difficulties, the Government will continue to invest in major capital schemes, particularly in northern areas such as mine, which were much neglected by the last Labour Government?

The Prime Minister: My hon. Friend makes a very good point. We have prioritised, in a difficult spending round, spending on capital infrastructure, including the scheme that he mentions. It is important, as we go for growth in our country, that we put capital expenditure into our roads and railways, and things that will help our economy to grow. That is exactly what we are doing in my hon. Friend's constituency, and in many other constituencies across the country.

Q13. [39073] **Ian Austin** (Dudley North) (Lab): The Prime Minister insists that the financial crisis was caused by a lack of regulation, but even after the collapse of Northern Rock he complained that the last Government had subjected the banks to excessive bureaucracy and too much regulation. He promised to give them an easier ride, saying,

"government needs to do less taxing and regulating".

Is that why donors in the City have given the Tory party so much money?

The Prime Minister: I remember a time when the hon. Gentleman used to write the last Prime Minister's questions. Given what he has said, I think that the last Prime Minister is writing his questions. The fact is that Labour left us the most indebted households, the most bust banks, and a deficit—*[Interruption.]*

Mr Speaker: Order. The Prime Minister's answer will be heard, and with some courtesy. That is what the public want to see. They are sick to death of this sort of behaviour.

The Prime Minister: Thank you, Mr Speaker. Let me just make one point. The person who was the City Minister when the City blew up is now your shadow Chancellor. Great pick.

Q14. [39074] **Priti Patel** (Witham) (Con): Can the Prime Minister give an assurance that Parliament will have the final say on whether prisoners will have the right to vote? In view of the public's disdain for the unelected bureaucrats in Strasbourg, will he defend our country from any further sanctions from Europe on the issue?

The Prime Minister: I think the hon. Lady knows that I have every sympathy with her view. I see no reason why prisoners should have the vote. This is not a situation that I want this country to be in. I am sure that you will all have a very lively debate on Thursday, when the House of Commons will make its views known.

Flood Defence Allocations

Mr Speaker: Before I call the hon. Member for Wakefield (Mary Creagh), let me appeal to right hon. and hon. Members who are leaving the Chamber to do so both quickly and quietly so that the question can proceed in a reasonable atmosphere. I ask Members what they would want if they were asking or answering the urgent question.

12.33 pm

Mary Creagh (Wakefield) (Lab): *(Urgent Question)*: To ask the Secretary of State for Environment, Food and Rural Affairs if she will make a statement on the Government's flood defence allocations for 2011-12.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): The coalition Government are committed to protecting people and property from flooding and coastal erosion where it is sustainable and affordable to do so. Today, the Environment Agency is setting out detailed plans for proposed capital investment projects in the 2011-12 financial year. When completed, these schemes will provide better protection to over 112,000 homes in England. As already announced, a total of £521 million will be allocated by the Department for Environment, Food and Rural Affairs to the Environment Agency next year for flood and coastal erosion risk management in England. That will be roughly half revenue funding and half capital investment. The capital funds will take forward 109 schemes which are already under construction, and in addition to these, a further 39 new flood and coastal defence projects will go ahead. Of these, 21 projects will provide better protection to 13,000 households at risk. The remainder relates to repairs and safety enhancements to existing defences.

The list of new schemes includes a £5.7 million project to protect 182 households in Keswick from flooding of the river Derwent. In total, over the next four years DEFRA intends to spend at least £2.1 billion and increase protection for at least 145,000 homes.

Inevitably, it has been necessary to find savings in all areas of Government expenditure, but we have protected flood and coastal erosion risk management as much as possible. The reduction is 8% compared with the previous four-year period. We have protected front-line services such as forecasting, warnings and incident response, and the maintenance of existing defences.

As I have said previously, no schemes will have been cancelled. All defences already under construction—the 109 projects I have mentioned— will be completed. It is the nature of flood and coastal defence investment that there are always more projects than national budgets can afford at any one time. Funding has always needed to be prioritised. Nevertheless, I understand the concerns of people and hon. Members who are worried that a particular scheme is not on the indicative list for funding. I should stress, however, that this does not amount to the Government cancelling schemes or saying any particular scheme cannot go ahead in the future. The method of Government funding for schemes starting in 2012-13 and beyond is currently under review. That follows recommendations made by Sir Michael Pitt after the widespread flooding of 2007. Transparency and greater local involvement are at the heart of the new proposals.

Whatever the amount of funding available, we cannot expect the national taxpayer to completely fund all the costs of each and every scheme; that has been a long-accepted understanding on both sides of the House. Difficult decisions must be made, and we must ensure that public investment delivers the most in terms of outcomes and benefits per pound spent.

Under the new proposals for funding flood and coastal erosion risk management, local ambitions in terms of protection no longer need be constrained by what national budgets can afford. We want to use every £1 wisely and make sure that as many people as possible have the opportunity of benefiting from new or enhanced flood defences. With the funding allocations announced today, 112,000 properties will benefit from improved protection. Going forward, closer working with local communities and more opportunities for outside contributions will mean that more people will ultimately be protected.

Mary Creagh: I am grateful to the Minister for that reply, but I am surprised that the Secretary of State, to whom this question was put, did not deem the House worthy of an answer in person from her.

We know that the Environment Agency board met last Thursday to decide this year's flood defence allocations, and that the press were invited to a briefing today at noon. We heard from journalists that DEFRA would issue a press release today at noon, but without this urgent question—which you kindly granted, Mr Speaker—Members would have read of the total nationwide flood allocations from the media this evening rather than debating them fully in Parliament today. Can the Minister tell the House why a written ministerial statement on the flood allocations was not even laid in the Library or on the Order Paper today?

Following the comprehensive spending review, Parliament has not had any chance to debate the flood budget for 2011-12, yet this is arguably the part of the DEFRA budget which most affects our constituents. The amount was revealed in a written answer on 20 January this year, which said that the capital funding for flood defences to protect our constituents' homes has fallen from a baseline figure last year of £354 million to £259 million. Will the Minister confirm that this is a 27% cash cut to the budget, and a 32% real-terms cut when inflation is taken into account, and not the bizarre 8% cut that he insists on briefing in the media?

We know from the Environment Agency's own figures that,

> "On average, every pound invested in improved flood protection...reduces the long term cost of flooding and coastal erosion by £8."

Has the Minister calculated that this £95 million cut to flood defence spending this year will actually cost the nation more than three quarters of a billion pounds—£760 million—in lost future value? We know that certain schemes have been cancelled, because MPs in those areas have been briefed. The Minister mentioned 39 new schemes going forward, but 59 flood defence projects are due to start over the next four years. How many of those will be completed in the next four years, and what steps is he taking to protect areas affected by these reductions in flood defence spending?

In the past, the Government allocated flood defence money for two or three years, as large construction projects take several years to plan and complete. We

[Mary Creagh]

have heard from the Minister today about his plans for a flood levy. Again, this is the first time we have debated that on the Floor of the House, but the consultation is on the DEFRA website. Can he reassure the House that any proposals for future flood defence funding are not skewed away from areas of high need and towards areas where people have deeper pockets?

Can the Minister say what conversations he has had with the insurance industry about its consternation at these funding cuts? Labour's statement of principles guaranteed universal flood insurance coverage for homes in affected areas. It runs out in 2013 and was based on the understanding, following the Pitt review, that Government should have

"above inflation settlements for future spending rounds."

Is the Minister aware of the comments of Steve Foulsham, technical service manager of the British Insurance Brokers Association, who said in *Insurance Professional Magazine* in January 2011:

"When the Statement of Principles comes to an end, it will be devastating for consumers"?

Has the Minister had any contact with David Williams, managing director of claims at Axa Commercial Lines, who says,

"Now that spending has been reduced...all bets are off. The Government is in breach of its side of the bargain, so if insurers wanted to stop providing cover, they would probably be able to"?

What contact has the Minister had with the industry to ensure that homes do not become uninsurable, or insurance premiums simply unaffordable? Does he agree with me that if insurance is too expensive, the Government become the insurer of last resort for those who simply cannot afford it?

Finally, may I ask that the Minister place a copy of his statement in the Library of the House, so that hon. Members in all parts of the House can communicate first with their constituents, and not be trumped once again by the newspapers?

Richard Benyon: I am grateful for those questions and I am sure I can reassure the hon. Lady on a number of them. First, my right hon. Friend the Secretary of State has just returned from a meeting at Water UK. This is an urgent question, she came to the House a short time ago, and I have been available to prepare for it. Secondly, we have a debate this afternoon in Westminster Hall when we will have the opportunity to discuss these matters in detail, and I look forward to that. Thirdly, on the hon. Lady's question about a written statement, there is nothing different in this method of announcing funding compared with previous years. Last year, there was no written statement. These are indicative budgets put forward by the Environment Agency. Where Ministers were, rightly, held and continue to be held to account was on the overall budget, which was announced in the autumn. There are plenty of opportunities for the hon. Lady—Opposition day debates and other circumstances—to raise this issue and hold Ministers to account. The Environment Agency is publishing its indicative list of schemes that are due to go ahead in the coming year, and that goes to regional flood defence committees for approval. So we are at that stage of the process, and that is no different from previous years, and no written statement was made last year—I checked before I came to the House.

On capital spending, really, the hon. Lady has got to change her tack, because she is not comparing apples with apples; these are two very different circumstances. Rightly, the former Chancellor in the previous Government announced a 50% cut in capital spending. If the hon. Lady were sitting on the Government side of the House, she might—rightly, as we have—favour flood spending and reduce the amount of saving accordingly, as we have done. But she cannot say that as if the spending last year and this year are the same, because they are not; the economic situations are completely different. She knows that and she really needs to change her tune.

The hon. Lady asked about communities with a high deprivation index, where there is a need to protect people on low incomes. I can assure her that the system will be skewed, as it is and always was, in favour of areas where a large number of people are on low incomes; that will remain through the payment-for-outcomes scheme.

On insurance, we are working closely with the Association of British Insurers. The statement of principles was always going to end in 2013, and it is always going to require important and careful negotiation to ensure that we get a scheme that protects people and their homes and so that they can get insurance. A good working party has come out of a flood summit that we held in September, which was attended by a number of hon. Members. The ABI is optimistic that it can find a scheme that will offer the kind of protection that households will need in the future, and I hope that that will be the case.

Several hon. Members *rose—*

Mr Speaker: Order. There is considerable interest in this subject, but there are two important statements, and other demanding business, to follow. There is pressure on time, so short questions and short answers are essential.

Miss Anne McIntosh (Thirsk and Malton) (Con): The House will not be taken in by the crocodile tears of the hon. Member for Wakefield (Mary Creagh), whose Government changed the points system in 2005, depriving many towns such as Thirsk of protection from floods. Will the Minister give the House an assurance that any local levy he seeks to raise will not trigger the 2.5% increase that would lead to a local referendum? Will he work with the insurance industry to see whether local resilience measures for houses could be extended to business properties and whether a lower insurance premium could then be attracted?

Richard Benyon: We very much want to gear things towards a system where the benefits can be understood by people. That is why the payment-for-outcomes scheme offers so much potential; it offers clarity, for the first time, where the current system is opaque. It will allow communities such as my hon. Friend's to see where they are in the pecking order, why they are constantly overtaken as our understanding of flood risk management gets better and where they are missing out. Thus, when people and businesses are benefiting, they may choose to contribute and get their scheme above the line. This approach offers her and her constituents a great opportunity.

Mr Ben Bradshaw (Exeter) (Lab): Can the Minister please explain how the cuts that he is being forced to confirm to the House today are consistent with a very

clear assurance given by the Prime Minister to this House during Prime Minister's questions on 17 November? He said that flood defence spending would be "protected" and would be "roughly the same" as under Labour.

Richard Benyon: I hope that we will be able to prove at the end of this process that the spending is broadly the same: an 8% cut compared with the previous four years, but with 15% efficiency savings that we think we can get out of the Environment Agency and a greater understanding of how we can deliver. The right hon. Gentleman must agree that what really matters is the outcome: households protected from flooding. I am really confident that at the end of this process we will be able to produce outcomes that are no worse than those in the past and perhaps even better.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Will the Environment Agency continue to work with local organisations and local people on small-scale engineering improvements, which have helped to protect for the future areas such as Glendale and the Ingram valley in Northumberland, as well as considering issues such as those relating to Morpeth?

Richard Benyon: I can guarantee that to my right hon. Friend. I can also tell him that our understanding and the software now available to guide on things such as surface water flooding mean that a small and relatively low-cost building of defences can have an enormous effect in delivering precisely the amount of protection we want. I can assure him that the Environment Agency will continue to work with local people.

Barry Gardiner (Brent North) (Lab): In the north-west London basin, 2,000 people have been subjected to repeated flooding in the Mogden catchment area. That was to be addressed through the sustainable urban drainage scheme and the investigations that were going on into that catchment area. Can the Minister assure me that that scheme will go ahead?

Richard Benyon: I do not want to mislead the House or the hon. Gentleman. If he will meet me, I will be happy to give him exact and firm details about that scheme.

Nadhim Zahawi (Stratford-on-Avon) (Con): Parts of my constituency were devastated by the floods in 2007. May I thank the Minister, on behalf of the people of Alcester, for allowing the project there to go ahead? May I also, on behalf of the people of Broom, come and see him about an innovative idea that we have had, with the Environment Agency, for mitigating flooding in Broom?

Richard Benyon: I am all for innovation. The carpet in my office is wearing thin from colleagues on both sides of the House coming to see me, but I will certainly meet my hon. Friend. I am keen to hear about new plans and I am happy to involve the Environment Agency, which perhaps has greater technical understanding than I do.

John McDonnell (Hayes and Harlington) (Lab): The Minister mentioned the Pitt review and that the Government have protected incident response. One of the review's recommendations was to place a statutory duty on fire and rescue authorities. The Government supported that in opposition and the Select Committee on Environment, Food and Rural Affairs supports it now. Can he give us a time scale for the implementation of that statutory duty?

Richard Benyon: The hon. Gentleman is absolutely right to raise this issue, which is the one area of the Pitt review about which we have qualms. I am happy to discuss it because I know that he has a lot of contact with members of the fire service. I am not sure that placing a statutory duty on fire and rescue services will make any difference to the services I have seen. We are really going to be testing them through Exercise Watermark. Some of them tell me that they would like a duty, but quite a lot tell me that it would not make a blind bit of difference to how they operate and how they integrate with other emergency services. However, I have an open mind and I will listen to him.

Dr Thérèse Coffey (Suffolk Coastal) (Con): I want to take this opportunity to thank the Minister for meeting my constituents and because the schemes for Felixstowe and Thorpeness are on the national list. That has yet to be confirmed by the regional flood and coastal committee, but I am sure that it will do so. Will he tell us a little more about how the funding will help people who help themselves and how it will protect those in vulnerable households and areas?

Richard Benyon: I have been impressed by innovative schemes in my hon. Friend's constituency, which we are using as a basis from which to take forward a number of ideas. I can confirm that the central Felixstowe beach management works will proceed under the next year's budget.

Diana Johnson (Kingston upon Hull North) (Lab): What assessment has the Minister made of the impact that the cuts will have on my constituents in Hull who were badly flooded in 2007 and who still find the insurance market partly closed?

Richard Benyon: The statement of principles relates only to properties built before 2009, so for a large number of households it already does not apply. That is a major concern. We have debated this issue in the House, and the hon. Lady's constituents who were flooded in 2007, like mine, have a right to see the road ahead on this issue. Not only are their premiums rising but their excess charges are rising too. Some of my constituents, frankly, have no insurance because they have excess charges of £10,000. She is absolutely right to ask about this issue, which we will take forward in our negotiations with the ABI. The most important thing is that we are talking. There is a lot of agreement and I believe we can find a way forward and find solutions. The insurance industry is in a state of change and we will see more specialist providers coming through this process.

Stephen Gilbert (St Austell and Newquay) (LD): One of the lessons from the flooding in Cornwall before Christmas was that community flood plans and community flood wardens can make a real difference in protecting people and property. Can the Minister assure me that there is money within the settlement to continue the establishment of such groups in vulnerable areas?

Richard Benyon: We really value those measures and we are impressed with what has been happening in my hon. Friend's constituency and elsewhere, so we will certainly encourage that. It is not just us doing that: there is also the work of Mary Dhonau and her organisation. They are trying to provide local flood forums with a toolkit they can pick up not only when a disaster happens, as with my hon. Friend's constituents, but in areas that we know are at risk of flooding, which can be forewarned and better able to cope with flooding in future.

Ian Lavery (Wansbeck) (Lab): May I reiterate that Morpeth is in my constituency? I made that point last week, but I think I need to re-emphasise it. Having listened to the Minister's statement, can he reassure me that the Morpeth flood alleviation scheme, in its entirety, will still take place?

Richard Benyon: The hon. Gentleman and I met yesterday and I explained to him the complexities of the scheme, which is not going ahead in the current proposals, but will, I am sure, in future. The scheme requires further work and consideration about areas where it can be provided and give better value for money. *[Interruption.]* Some hon. Members are chuntering, but if we allow a scheme that does not stack up as well as others to go ahead, other hon. Members will quite rightly come to the House and try to hold me to account by asking, "Why isn't our scheme going ahead?" That has always been the case for Ministers standing here. It is important to understand that we have to give best value for money. The hon. Gentleman's scheme is good and I hope that it will go ahead in time.

Greg Mulholland (Leeds North West) (LD): Given the constraints on the public finances, can my hon. Friend confirm that the criteria for judging the schemes before him include not only the risk but the costs of flooding? In Leeds, which is the second-biggest financial centre in the country, those costs would be £500 million. Do the criteria also include the economic benefits of putting in the flood alleviation scheme? In Leeds, the scheme is supported by all the Leeds MPs because it would attract more development to the city.

Richard Benyon: I am well aware of the concerns of the people of Leeds, which have been well articulated by the Members who represent that city. That scheme is hugely expensive and I do not doubt that it will bring benefits to the city. I am happy to meet Members on both sides of the House to discuss it. We want to work with the local authority and other agencies to find parts of the scheme with which we might proceed sooner than others. It will not go from conception to commissioning in one year because it is such a massive scheme, but we want to bring it forward as quickly as we can. We have to make sure that we have value for taxpayers' money at the heart of what we are doing so that we can protect as many homes as possible across the country.

Mr George Mudie (Leeds East) (Lab): I am grateful for those words from the Minister, but is he aware that Leeds city centre came within centimetres of being flooded in 2000, according to Environment Agency information, and that it had numerous near misses in 2004, 2007 and 2008? Will the Minister agree to meet Leeds MPs to discuss this? Leeds is the largest city in the north and we cannot allow it to be knocked out by flooding or to be prioritised below households. It is the major economic centre of west Yorkshire.

Richard Benyon: I absolutely understand that. The hon. Gentleman can come to meet me if he wishes to hear more details about this. The scheme will cost £250,000 or thereabouts per household it protects. That is an enormous amount of money and I do not deny its importance, particularly to the people of Leeds, but we have to look at it from the perspective of the whole area. If it can unlock regeneration or benefits to that city there might be opportunities under the new payment-for-outcomes scheme.

Geraint Davies (Swansea West) (Lab/Co-op): You know, Mr Speaker, that I headed up flood risk management for the Environment Agency Wales between 2005 and 2010, so I appreciate the relationship between climate change and flood risk, which we have seen in New Orleans. What has happened in Queensland, Australia and in England is not a laughing matter. Will Ministers undertake to visit victims and communities who have been devastated by flooding that could have been avoided had the Minister not cut the revised budget for flood defences, which was made after the 2007 floods, and say sorry to them?

Richard Benyon: We have visited places that have been flooded since we came into government. The hon. Gentleman must understand that I have waded through houses reeking of sewage and have looked into the eyes of families whose houses have been flooded. He does not have to tell me about the misery that flooding causes those communities—2,500 households in my constituency were flooded in 2007. We understand how important this issue is and he knows that we cannot protect every house. There are 5.2 million houses at risk.

Thomas Docherty (Dunfermline and West Fife) (Lab): Will the Minister take this opportunity to correct the record and confirm that my right hon. Friend the Member for Leeds Central (Hilary Benn), when he was the Secretary of State for Environment, Food and Rural Affairs, ring-fenced flood defences so that in the last round of cuts there was no cut in the funding? That is why this year's cut is a 27% cut.

Richard Benyon: A 50% cut and ring-fenced funding for the future could not have been defended. That is absolutely impossible. I honestly urge the hon. Gentleman to look at the realities of the situation. There is a 50% capital cut. Whichever party had been in government now would have had to take difficult decisions. We have protected the floods budget as best we can, and he should recognise that.

Hugh Bayley (York Central) (Lab): Has the Environment Agency's flood defence scheme for Water End and Leeman road in York, which defends more than 300 low-income households, been cancelled? It was due to go ahead this year and was funded to go ahead this year. If it has not been cancelled, when will it go ahead?

Richard Benyon: The scheme has not been cancelled. It has been deferred. There are technical difficulties with it.

Hugh Bayley: How long?

Richard Benyon: We will shortly debate the matter in Westminster Hall, when I will be happy to give the hon. Gentleman more details. I can assure him that the scheme has not been cancelled.

Banking

1 pm

The Chancellor of the Exchequer (Mr George Osborne): The near-collapse of the British banking system more than two years ago still generates today deep feelings of anger and cries for retribution. I understand that, for the link between risk and reward that underpins our free market was completely broken.

Bankers who had made the most catastrophic mistakes walked away with huge payouts and pensions. Those entrusted by us to regulate those bankers and run our economy washed their hands. Meanwhile the rest of the country is left paying every day for their failures. The new coalition Government must pick up the pieces. Let me set out how we will do that.

First, we will make sure that this never happens again. We are replacing entirely the tripartite system of regulation that was introduced by a previous Chancellor and his advisers in 1997, and which completely failed. Next week we will publish the detailed proposals to give the Bank of England responsibility for prudential regulation, and to create a new consumer protection and markets authority that will protect the interests of bank customers. We will then undertake pre-legislative scrutiny, as requested by the House, before introducing the Bill. I hope it will command support from both sides.

Later this year we will receive the interim and final reports of the Independent Banking Commission that this Government established, and which I asked Sir John Vickers to chair. Sir John and his fellow commissioners are asking the difficult questions that need to be asked about how we protect the British taxpayer from future bank failures so that never again is a bank too big to fail. We look forward to receiving their recommendations. I should make it very clear that nothing that I will say today about the settlement that we have reached with Britain's banks, including references to a level playing field, in any way prejudges the outcome of the commission. That includes both the commission's recommendations and the Government's response.

The second task facing the Government is to make sure that we get the maximum sustainable tax revenues from the financial sector. Her Majesty's Revenue and Customs confirms that the one-off bank payroll tax introduced in the dying months of the previous Government raised £2.3 billion net, but as my predecessor—the Chancellor who introduced the tax—has pointed out, it could not be repeated without massive tax avoidance. I agree with him and we will not repeat the bank payroll tax.

Instead, we have implemented a new and permanent bank levy, and that is why yesterday I announced an increase in that levy so that it raises £2.5 billion this year. This will bring the total raised by the new bank levy to £10 billion over the Parliament, and it means that in each and every year of this Government we will raise more in bank taxes than the previous Government raised in any single year. We have also required all the major banks operating in the UK to comply in spirit and by the letter with the code of practice on taxation. The code was announced with a fanfare by the previous

[Mr George Osborne]

Government, but I discovered that when they left office only two banks had signed up to it. Today all the major banks have signed.

The third task facing the new Government was to reach a new settlement with the banks so that they could contribute to Britain's economic recovery. Some prominent people in the House were predicting just 24 hours ago that my tax announcement meant that our discussions with the banks on lending were falling apart. The House will be pleased to know that that prediction was completely wrong. This morning the heads of the major British banks—Barclays, RBS, Lloyds and HSBC—reached a new settlement with the Government. I want to thank John Varley, the former chief executive of Barclays, for the huge amount of time and personal commitment that he has given to this project.

The essentials of the new settlement are exactly as I set out last month, and I am today publishing an exchange of letters between John Varley and myself. The banks will lend more money, especially to small business; pay more taxes; pay less bonuses; be more transparent about the bonuses that they do pay; and make a greater contribution to our regional economy and society. In return the Government commit to the success of a strong, resilient, stable and globally competitive financial services sector in which UK banks can compete with the best banks in the world on a level playing field, and in which London is a world centre for finance. That is good for jobs and growth in our country.

Let me go through each part in detail, starting with pay and bonuses. Most of us find the levels of pay in financial services to be completely out of kilter with what the rest of society would regard as fair or reasonable. We are determined to bring responsibility and constraint, and make sure that pay is properly taxed. Four years ago, at the height of the banking boom, the City paid £11.5 billion in banking bonuses, most of which was in cash, most of which could not be recovered when the banks collapsed, and too much of which went untaxed. The new remuneration code introduced last month and the tax avoidance measures that we are taking will change that.

Today I can tell the House that the four major British banks have also agreed that total bonuses for their UK-based staff will be lower than last year and lower than they would have been without today's settlement. The independent non-executive director who chairs each bank's remuneration committee will have to confirm personally in writing to the Financial Services Authority that their pay deal conforms with today's commitments. For the first time, the banks have agreed to seek explicit approval from their board's remuneration committee for the pay of the 10 highest paid employees in each of their main business units. That did not happen in banks such as the Royal Bank of Scotland before the crisis, where the board was ignorant of what was going on.

We have also insisted that the banks be far more transparent about who and how they pay. From this year onwards, the four major banks have committed to disclose the pay details not just of their executive board members, but of the top five highest paid executives not on the board. This will mean that the salary details of at least seven executives at each bank will be published this year. That compares with five individuals in the United States of America and Hong Kong, and only board executives in Germany and Japan. By disclosing individual pay levels the settlement goes further than the Walker report recommended, on which we are seeking international agreement.

We will consult on whether to make it a mandatory requirement from 2012 on all large UK banks to publish the pay of the board plus the eight highest paid senior executive officers. That would mean that Britain had the toughest and most transparent pay regime of any major financial centre in the world.

Let me provide an update on the situation at the Royal Bank of Scotland and Lloyds. The previous Government signed an agreement with RBS that explicitly said that it would in 2010

"enable pay arrangements in line with the market".

Despite that constraint, which we inherited from the previous Government, United Kingdom Financial Investments Ltd, the arm's length body which manages the Government's stake in those two banks, has agreed the following: for all staff at RBS and Lloyds, the maximum up-front cash bonuses will be limited to a maximum of £2,000 this year; all executive directors, including the chief executives, have agreed to receive this year's bonuses entirely in the form of shares; and directors will have to wait until 2013 to convert these shares into cash.

As the Prime Minister made clear last month, the bonuses at RBS and Lloyds will in total be smaller than they were last year under the previous Government and so, crucially, will the compensation ratios be. They will backmarkers in the industry, instead of the front runners that they once were.

Let me turn from pay to the additional support that the British banks have committed today to provide to the regional economy. At the end of last year the industry pledged £1.5 billion to a new business growth fund, which will invest in the kinds of expanding small businesses that hold the key to Britain's more balanced economic future. Today they commit to make an additional £1.2 billion contribution to society. The four major banks commit to an additional £1 billion for the fund and an additional £200 million to capitalise the big society bank. The business growth fund contribution will be front-loaded over the next couple of years, so that more help can be given to businesses sooner. This money will be in addition to the lending commitments and additional to any funding already allocated from dormant bank accounts.

Finally, at the heart of today's settlement is a commitment from the four major banks, as well as Santander, to make much more money available for lending to small and medium-sized business. Last year these banks lent £66 billion to such businesses. Today the banks commit to lend £76 billion this year. That is £10 billion more gross new lending to small and medium-sized businesses, a massive 15% increase, materially higher than they had been planning to lend this year and materially higher than anyone who has followed these discussions would have expected. It comes alongside a very welcome commitment from the banks greatly to improve their customer service to small businesses, with a free mentoring service, published lending principles, transparent appeals and improved access to trade finance. Overall, gross

new lending to all businesses, large and small, will increase from £179 billion to £190 billion, and the banks will make a commitment to lend even more if demand materialises.

Absent this deal, the banks were actually expecting lending to fall this year. To ensure that progress against these lending commitments can be monitored, the Bank of England has agreed to collect the relevant data and publish them quarterly. To help to ensure that today's agreement is honoured, for the first time the pay of the chief executives of each bank, as well as of the relevant business area leaders, will be linked to their performance against these SME lending targets. Of course, if the banks fail even then to live up to their promises, the Government reserve the right to return to the issue and take further measures, but I sincerely hope that will not be necessary.

The anger at the terrible mistakes of the banking industry and the failure of those who regulated it will long remain, and rightly so, but let us as a country confront this hard truth: anger and retribution will not bring one percentage point of economic growth or create one single new job. The anger will remain, and I understand that, and we must never make the same mistakes again, but Britain needs to move from retribution to recovery. Today we get the banks to commit, with more lending—£10 billion more for small businesses—for our regional economies and society, £10 billion more in bank taxes, lower bonuses and the most transparent pay regime in the world. In return, let us build a banking industry that creates jobs for hundreds of thousands of our citizens and that competes in the world. Above all, let us ensure that the economic catastrophe that befell this country can never be repeated. That is how this new Government will clean up the mistakes of the previous Government. I commend this statement to the House.

Ed Balls (Morley and Outwood) (Lab/Co-op): Given that this statement was not on the Order Paper, I thank the Chancellor for the eight minutes' advance notice he gave me of it. Yesterday, he confirmed in his "Today" programme mini-Budget that he is cutting taxes for the banks this year, compared to last year. *[Interruption.]* Today we find out what the Chancellor has got in return from the banks, after weeks and months of negotiations with the UK banking industry, culminating in the complete shambles of the past 24 hours, and the result is: precious little. From a Chancellor who talked so tough in opposition and who even yesterday continued to promise much, this is a pitiful outcome and an embarrassing climbdown. *[Interruption.]*

Mr Speaker: Order. Earlier I made it clear that heckling and abuse of the Prime Minister when he was answering questions should not take place and that his answers would be heard. I say to hon. Members who are now heckling the shadow Chancellor, stop it. It is a disgrace. The public loathe it. Do not imagine for one moment that while screaming abuse you have the slightest prospect of being invited to ask a question. Behave and get the message.

Ed Balls: Thank you, Mr Speaker. They tend to heckle when they are worried.

A "damp squib" is defined in the dictionary as something potentially explosive but that fails to perform because it has got wet. That is this Chancellor all over. This negotiation has turned from Project Merlin into "The Wizard of Oz": the curtain has been pulled back and there is nothing there. Of the leading players on the Government Front Bench, who is the one without courage, who is the one without a brain and who is the one without a heart?

Let us review what the Chancellor has achieved. On lending, he claims to have secured an agreement with the banks to lend £190 billion this year, but financial experts are clear that the deal he has announced is vague, toothless and unenforceable and not a proper substitute for proper competition. How will he be able to measure in detail whether the deal is delivered? Can he tell us the detail of how it will be enforced? Is there a sanction if the lending does not materialise? Was not a senior banker right when he told the *Daily Mail* on Monday that this lending agreement is "meaningless"? Is not the *Financial Times* right to say today:

"With much noisy showmanship, the Conservative-Liberal Democrat coalition is puffing demands that are little more than cosmetic"?

Is not that the truth?

On pay transparency, again we have a damp squib. The Chancellor claims that we will now have the most open regime in the world, but what does it actually add up to? The answer is transparency for pay and remuneration of only the seven most senior bank executives, whose anonymity is still fully protected. The Government are demanding that local authorities publish the salaries of anyone in local government earning more than £58,200, but he is allowing a taxpayer-owned bank and publically quoted companies in the financial sector to continue to pay staff millions of pounds in pay and bonuses with no transparency at all.

Why is the Chancellor not activating the legislation that we put on the statute book that would require the publication of the remuneration of any individual paid more than £1 million? It is there on the statute book and ready to go, so why not just sign the order and get on with it? Why has he failed so abjectly to make any progress in international negotiations with European and global Governments on transparency? There has been no progress because there is no sign that he has even tried.

On bonuses, I am afraid that the country will conclude that the Chancellor has thrown in the towel in the face of extensive lobbying by people with whom he and his Conservative colleagues have just become too close and too cosy. Does he remember what the Prime Minister said just two years ago—when Leader of the Opposition—when attacking the previous Government? He said:

"Because of this dithering we could see bonuses paid out for a second year to executives in taxpayer owned banks, which is unacceptable."

After months of dithering from this Chancellor, what will we see over the next fortnight? We will see exactly that: bonuses running into millions of pounds, in cash and shares, paid to executives in taxpayer-owned banks. What he should be doing today is announcing proper reform of corporate governance and taking up our proposal to repeat last year's £3.5 billion bank bonus tax, in addition to his levy, and use the money to support jobs and growth to kick-start his stalled recovery.

I have told the Chancellor that I will support him on long-term banking reform, enforceable lending agreements

[Ed Balls]

and proper statutory action on transparency and pay. Our economy badly needs a reformed, transformed, vibrant and globally competitive financial services industry for the future. He is right that hundreds of thousands of jobs depend upon it. However, this is not an agreement to secure the long-term future of our economy, but a short-term and shabby political deal. There have been talks that dragged on for weeks, a mini-Budget on the "Today" programme, crisis conference calls with the banks yesterday afternoon, a hasty compromise cooked up overnight and a Chancellor finally coming to the House with little to offer in return for his tax cuts for the banks.

I have to say that this is a Chancellor who, as the former CBI head has said, puts politics before economics. He talked tough in opposition, but in government he looks increasingly out of his depth and out of touch. We have rising VAT, rising fuel prices, rising unemployment and deep spending cuts hitting living standards of families, and yet his first priority is a tax cut for the banks. Millions of families up and down the country will now be asking, whose side is this Government on?

Mr Osborne: Well, that has to be one of the feeblest replies to a statement that I have heard. The only person who seems to be out of his depth at the moment, rather surprisingly, is the shadow Chancellor. There was one thing missing from that rant: an apology. He was the City Minister. I will move on to all the things that we need to do to regulate the City, but I will first remind him that he stood at this Dispatch Box for two years as City Minister and could have done any of the things that were either in my statement or in his reply, but he did not. The truth is that he is man with a past, and we will not let him forget it—even if he does. I took the opportunity to look at his website on which he lists all his achievements in politics, but he does not mention the fact that he was City Minister. He does not mention the fact that he invented the system of City regulation that failed so spectacularly. He might have forgotten what he did not do in government; we will not.

Let me deal specifically with some of the right hon. Gentleman's questions. He asks how the lending targets will be monitored. I told him in the statement that the Bank of England is going to monitor them. *[Interruption.]* "How are they going to be enforced?", Opposition Members cry. The chief executive's pay will be linked to the targets, and I made it very clear in the statement that, of course, if the deal is not met we will return to the issue.

The right hon. Gentleman talks about transparency. In 13 years, the previous Government never implemented transparency in the City of London. Some £11.5 billion of bonuses were paid in the year in which he was the City Minister, but we are introducing the most transparent regime of any major financial centre in the world.

The right hon. Gentleman continues deliberately—because I know he must know the numbers—to get the sums wrong on the bank payroll tax and bank levy. Her Majesty's Revenue and Customs confirmed that there is a £2.3 billion net receipt from the bank payroll tax, and that is spelled out in the March 2010 Budget book, which the Labour Government published. We are raising £2.5 billion every year from a bank levy that he opposes—right?—unless he has changed his mind on that. *[Interruption.]* He now supports it. Well, that is good news.

Perhaps, then, the right hon. Gentleman will listen to the right hon. Member for Edinburgh South West (Mr Darling). The right hon. Member for Morley and Outwood (Ed Balls) quoted quite a lot from the newspapers in his reply. Well, this is from *The Daily Telegraph*: "Bankers' bonus tax failed, admits Alistair Darling," who said:

> "I think it will be a one-off thing because, frankly, the very people you are after here are very good at getting out of these things and...will find all sorts of imaginative ways of avoiding it in the future."

That is from the then Chancellor who actually introduced the tax on which the right hon. Gentleman now pins his entire economic prospects.

Let me end by saying this: the right hon. Gentleman calls for things that he simply did not do in government. On pay and bonuses, he says control them in the nationalised banks; he did not do that last year when he was in the Cabinet, and he did not do it at all when he was in the Treasury. He calls for transparency; he did not introduce it when he was in the Cabinet or in the Treasury. He talks about reforming the banking system; he is the person who designed the banking regulatory system that failed, but he does not admit it. He talks about the bank levy; he wrote 11 Budgets and never put one in. And on lending, he tried as a member of the Government to secure lending agreements throughout the banks, and he completely failed. The truth is this: he is a man running away from his past, with no plan for the future.

Mr Andrew Tyrie (Chichester) (Con): Anybody looking reasonably at the settlement will have to agree that it is a welcome step in the right direction. In normal times, Governments should not intervene to force banks to lend or to reveal commercial details of pay, and I very much hope the Chancellor will confirm that it is a one-off, with one exception. Does he not agree that, without further transparency on bonuses, we will never know whether banks are fuelling risks and mistakes for which one day, as a result of the way they misallocate risk, we may have to pay? Will he also support the Treasury Committee's initiative, outlined in a letter to the Financial Services Authority, and supported by Sir David Walker, to secure that much higher level of transparency?

Mr Osborne: I thank the Chair of the Treasury Committee for the welcome that he gives to the package. Of course, in any normal times one would not want to have to negotiate lending agreements with the banks or, indeed, be in a situation where half our banking sector was in part in the public's hands, but that is the situation that we inherited as a Government and why I felt that the agreement with the banks was necessary, as well as the additional tax that we are levying on them.

My hon. Friend specifically raises the issue of transparency and his proposals that I know he has put to the FSA. As I said in my statement, we have a voluntary agreement this year on disclosure, which already goes beyond those of other financial centres in the world, but, having consulted, we will legislate in the coming year, and his proposals will deserve close attention.

Mr Geoffrey Robinson (Coventry North West) (Lab): Will the Chancellor confirm that, as a result of his Herculean efforts in this struggle with the banks, the names of the traders who are still going to be awarded the greatest bonuses will not be made public?

Mr Osborne: The disclosure will be of those senior executives not on the board, but in the Walker proposals there was not even a proposal to identify individual salaries. So it is the senior executives who will be identified.

Stephen Williams (Bristol West) (LD): I welcome what the Chancellor says about the levy, the extra lending, the transparency on bonuses and, in particular, the restraint shown by the two banks that are effectively under state control. On the banks that are not under our control, however, does he agree that, at a time when families throughout the country face difficulties, some banks seem to have lost their moral compass and really ought not to award themselves extravagant bonuses on a level that families could only dream of?

Mr Osborne: I agree with my hon. Friend that the banks should show restraint and an appreciation of the society in which they operate, the challenges that we face with the economy and, indeed, the squeeze on families' incomes, in part due to the high prices of things such as oil and food. I make this observation: the bonuses this year will be lower than those in the last year of the Labour Government; and, as a result of this agreement, they will also be lower than they would have been, a point that will be confirmed by the independent non-executive director of the individual bank.

Mr Dennis Skinner (Bolsover) (Lab): Why should anybody believe that the Chancellor of the Exchequer has got the guts to take on the banks, when today it is revealed that he and his friends in the Tory party—those on millionaires' row—have picked up £44 million from those bankers in the City? Why should we believe all this rubbish?

Mr Osborne: I thought that the hon. Gentleman might ask a question like that, so I did a bit of research and discovered that one of the biggest donors to the shadow Chancellor's party leadership campaign was a Michael Sanzone, who started off at ABN Amro, moved to RBS and ended up at Lehman Brothers before supporting his campaign. They are probably the four most catastrophic decisions of recent years.

Charlie Elphicke (Dover) (Con): That gentleman was probably expecting a knighthood and a peerage, like so many of them had in the past. Have we not moved on from excessive bonuses to an emphasis on lending more money to small and medium-sized enterprises? Are we not seeing £10 billion for SMEs and £2.5 billion in total for the new growth fund?

Mr Osborne: My hon. Friend is absolutely right. For me, in these discussions the absolute key has been the additional commitment to lend to small and medium-sized businesses. Over the past couple of years, all Members have had people in our constituencies come to us with very difficult stories about the failure of banks to lend to such businesses, and we now have a commitment to increase the lending available by 15%, which is a substantial increase. Alongside that—I did not have time to go into all the detail, but it is being published this afternoon—there will be a new code of practice for the banks to treat their customers much more fairly: for example, they should engage with small businesses a full year before an overdraft comes up for renewal. For me, dealing with that crucial area of the economy—getting credit to small and medium-sized businesses—has been one of the most important parts of the new settlement.

Simon Danczuk (Rochdale) (Lab): We now have the big society shrinking before our eyes, and voluntary organisations seeing their budgets cut left, right and centre. At the same time, we still have bankers' bonuses well beyond most people's dreams, and on top of that we learn today that the City and organisations in it, as my hon. Friend the Member for Bolsover (Mr Skinner) pointed out, have been stuffing money into the Tory party's coffers. Is this a series of coincidences, or should the public be more suspicious?

Mr Osborne: I just pointed out that a Lehman Brothers executive was one of the biggest donors to the shadow Chancellor's campaign, and I think the hon. Member for Bolsover (Mr Skinner) shouted at that point, "Well, I didn't vote for him." *[Interruption.]* He repeats it; in fact, he probably did not vote for the Labour party leader, because as far as I can tell virtually no Labour MP did. That brings me to this point: the key thing about the Labour party and its fundraising is that it gets money from the trade unions and changes policy as a result.

Nicky Morgan (Loughborough) (Con): On behalf of the small businesses and voluntary sector in my constituency, may I thank the Chancellor for his announcements about the business growth fund and the big society bank? Is not the reason why the shadow Chancellor's statement was so empty that the Opposition realise that they did nothing so constructive during their 13 years in government?

Mr Osborne: My hon. Friend makes the very good point that we need to see more support for small and medium-sized businesses in our constituencies and in our economy. The regional business fund that I talked about, to which the banks have today made a commitment of an additional £1 billion, is very important because it addresses one of the weaknesses in the British economy—the absence of support, particularly equity support, for small, expanding businesses. I think that this will make a significant contribution to that.

Stewart Hosie (Dundee East) (SNP): I thank the Chancellor for his statement and for the early advance sight of it. I agree with what he said about the public's response to the high levels of pay, which are not fair and reasonable and are not seen to be so. I welcome the very low cash bonuses for RBS and Lloyds staff and the decision for executive bonuses to be paid in shares only. May I suggest that that should rolled out to every bank every year as a matter of course? On the new bank lending, will he confirm that it will really be new, that it will go to the businesses that need it most, and that we will not be locked into excessive fees and charges?

Mr Osborne: I thank the hon. Gentleman for the support he has given to important parts of this package. I understand how important the banking industry is to Scotland, where many thousands of people are employed in it, and the impact that the failure of RBS and HBOS had in Scotland. On his specific point about bonuses, the new code of practice that came in last month forces all banks to pay a much greater proportion of their bonuses in shares and in deferred packages. Of course, none of this existed when Labour was regulating the City. As I have said, I would urge the banks to show restraint and reflect the fact that they are operating in a society with economic challenges brought about by the deepest recession and the biggest banking crisis of our lifetimes.

Jason McCartney (Colne Valley) (Con): Let me tell the hon. Member for Bolsover (Mr Skinner) that my constituents and I can only dream of living in the £1.6 million house that his party leader lives in.

I welcome the Chancellor's statement on lending to small businesses and curbing banking bonuses. However, with Lloyds TSB closing its last remaining branch in Meltham and Barclays closing its branch in Milnsbridge, when he next meets the banking bosses will he please stress the importance of community banking and the fact that not all constituents have access to internet banking?

Mr Osborne: When I next talk to the banking chiefs, I will certainly communicate to them, or my office will do so, the specific issues that my hon. Friend raises about the two banks in his constituency. One of the challenges we have at the moment is that RBS and Lloyds are trying to de-lever because of the enormous mess they got into under the previous Government. More generally, he makes a very good point about the importance of community banking. The four banks that have reached this settlement today are committed to extending that and thereby, to a degree, rolling back what happened in recent years. There are also those who want to enter the banking sector. Of course, they have to comply with the FSA requirements, but I know that some of them are offering a return to the kind of community banking that he talked about.

Anas Sarwar (Glasgow Central) (Lab): The Chancellor compares the funding given to the Labour party by trade unionists with the 50% of donations to his party from the City, but I remind him that it was the bankers who caused this crisis, not millions of hard-working trade unionists.

An FSA report found that RBS had 1.1 million customer complaints, more than 50% of which were not dealt with appropriately, resulting in a £2.8 million fine. Does the Chancellor think it is right to reward failure with lavish bonuses, whether in cash or in shares?

Mr Osborne: It was the last Labour Government who were responsible for the economic mess that we got ourselves into, and the sooner Labour Members face up to that, the better. One example of that was the arrangements put in place regarding RBS, to which the hon. Gentleman referred. That is the contract that we inherited from Labour; this is what the then Ministers who now sit on the shadow Front Bench signed up to: they explicitly told RBS that from 2010 it should pay in line with the market rate. We have now got it to be at the back of the market, not the front.

Brandon Lewis (Great Yarmouth) (Con): Like other Members, I welcome the move on lending to small businesses. The Federation of Small Businesses, the chambers of commerce and independent businesses have been arguing for some time that good businesses that are viable but have cash-flow problems have been struggling as a result of the policy of the banks under the previous Government. Given that this new move will allow those businesses to survive, and indeed grow, to the benefit of the economy, does the Chancellor agree that it is somewhat surprising, if not disappointing, that the shadow Chancellor and Labour Members have not welcomed it?

Mr Osborne: It is surprising. I noticed that in the shadow Chancellor's rather extraordinary response there was no mention of lending. Indeed, I am not even sure what the Labour party's plan is to get the banks to lend more and whether Labour Members welcome this move or not. I know for a fact that the previous Labour Government tried to negotiate a cross-bank agreement on gross lending, and failed. One would have thought, therefore, that they would welcome this, but they have not done so. My hon. Friend makes the good point that the key is to get lending to small businesses going, which is where the market failure has been over the past couple of years. That is absolutely crucial to our economic recovery.

Mr George Mudie (Leeds East) (Lab): Now that the Chancellor is into transparency on salaries, can he, as the largest shareholder in RBS, the bailed-out bank, tell the House whether it is true, as the *Financial Times* has suggested, that 100 bankers are earning more than £1 million? If not, how many are?

Mr Osborne: The transparency arrangements are the ones that I have set out, and the arrangements for managing RBS are the ones put in place by the Government of whom he was a Whip.

James Morris (Halesowen and Rowley Regis) (Con): Many hard-working families and people in my constituency will welcome today's announcements. Does the Chancellor agree that the banks have a moral responsibility to invest in areas such as the west midlands and the black country, where we need the private sector jobs growth that is vital for the future?

Mr Osborne: I absolutely agree with my hon. Friend. There is a preponderance of small and medium-sized manufacturing businesses in the west midlands and the black country, as I know from my various visits there. These are precisely the sort of firms that we need to help and assist, and this agreement means that more lending will be available to them. As I say, there is also a commitment to a regional business support fund that will provide equity investment to help those small and medium-sized firms to become bigger firms, which is what the British economy needs so that we do not, as we did in the past 10 years, depend on one sector, in one corner of the country, for our economic growth.

John Mann (Bassetlaw) (Lab): Is the Chancellor confident enough to predict that as a consequence of this package there will be more small businesses on the high streets of Retford, Worksop and Harworth at the end of this year?

Mr Osborne: I am confident about saying that the situation for small and medium-sized businesses in the hon. Gentleman's constituency and elsewhere will improve. The situation is not going to be transformed overnight—*[Interruption.]* The hon. Member for Vale of Clwyd (Chris Ruane) and others seem to have complete amnesia about the fact that Labour presided over the biggest banking crisis and the deepest recession since the 1930s. Labour Members got elected on the slogan crafted by the shadow Chancellor, "No more boom and bust", and then gave us the biggest boom and the biggest bust, and we are recovering the economy from the mess that they left.

Several hon. Members *rose*—

Mr Speaker: Order. There is clearly a great deal of interest. May I gently remind the House that Members who came into the Chamber after the statement began should not expect to be called? The position on this is very clear and long established, and it must be adhered to.

Nadhim Zahawi (Stratford-on-Avon) (Con): Thank you, Mr Speaker.

"If the City is doing well, the country is doing well. When it prospers, we all prosper".

They are not my words but those of the shadow Chancellor. Did my right hon. Friend take any advice from him?

Mr Osborne: No, instead I learned from the example of all the things that went wrong when the shadow Chancellor was City Minister. As one does on these occasions, I came into the Chamber armed with many of his quotes about what a golden legacy he was leaving in the City, how bonuses were at the appropriate level, and how he was going to resist all calls in Parliament to toughen up regulation. It would take a couple of hours to read them all out, but no doubt over the next few years we will have plenty of opportunities to remind him that he is a man with a past.

Ms Margaret Ritchie (South Down) (SDLP): I understand that the business growth fund will have a network of regional offices throughout the UK. Will there be such an office in Northern Ireland to work with the banking sector, the business community and the Northern Ireland Executive?

Mr Osborne: Yes, I will ensure that there will be a presence in Northern Ireland. We are seeking to ensure that there is co-ordination between the business growth fund and the Government's regional fund. As I have said on many occasions to Members from Northern Ireland, we are acutely aware of the challenges in Northern Ireland. The Secretary of State for Northern Ireland has produced a paper on how we might revive the Northern Ireland economy, which is now with the devolved Government. I am taking a close personal interest in that and I hope shortly to come forward, with my right hon. Friend, with some concrete proposals.

David Rutley (Macclesfield) (Con): I welcome the announcement on the increase in funding for the business growth fund and the new lending agreements. Does my right hon. Friend agree that those steps will help to establish a new generation of wealth creators, which is an urgent priority in regions such as the north-west, where private-sector growth has to be the focus?

Mr Osborne: My hon. Friend is right, which is good as he is my local MP. One of the weaknesses in the British economy over recent years has been that small and medium-sized businesses have not had access to venture capital and other sources of funding, as they have had in countries such as the United States and Germany, so that they can become larger companies. The regional business growth fund that I have spoken about will provide more access to such funding. I will also return to this issue in the Budget.

John McDonnell (Hayes and Harlington) (Lab): I believe that I was the first MP to raise the issue of bankers' bonuses in this House five years ago, and I was critical of the previous Government. I say to the Chancellor directly that referring pay to remuneration committees, which is a largely toothless and ineffective rubber-stamping exercise, and allowing bankers at RBS to convert their shares into cash bonuses within two years will not assuage the anger of the British people.

Mr Osborne: First, I respect the hon. Gentleman's consistency on this issue. Secondly, I said explicitly that I did not think that the anger would disappear any time soon; memories will be long of what has gone wrong in recent years. It will help that bank boards will at least be aware of the some of the salaries that are being paid in their organisations, which they simply were not under the previous regime. That is one thing that clearly went wrong at the Royal Bank of Scotland.

Mr Aidan Burley (Cannock Chase) (Con): A man named Tom Bell set up a charity in my constituency to improve the quality of life for tens of thousands of disabled and disadvantaged kids. He was awarded the OBE for his efforts. In assessing the rewards given to bankers, what does the Chancellor make of the five peerages, eight knighthoods, seven CBEs, four OBEs and four MBEs that were given to bankers by the Labour Government?

Mr Osborne: The statistics speak for themselves. Of course, the shadow Chancellor used to be the chief economic adviser and, given that almost everything at the Treasury was signed off by him, he presumably signed off the knighthood for Sir Fred Goodwin. Perhaps in one of our future encounters we will hear the truth about that.

Mr Ronnie Campbell (Blyth Valley) (Lab): Some £125 billion was put into the banks by the last Labour Government to bail them out in the crisis. Will the Chancellor tell us when the taxpayer will get that money back?

Mr Osborne: Unfortunately, if we sold those shares today, we would lose money as a country. Of course we want to return those banks to the private sector. That is clearly an objective of this Government, and I suspect

[Mr George Osborne]

that it will be an important issue in this Chamber during this Parliament. The hon. Gentleman makes a very good point: a huge sum of money was put in to bail out the banks and no conditions were attached. With all the things that I have talked about today and all the things that the shadow Chancellor asked about, such as pay and transparency, when the previous Government had the leverage, they did not use it. Unfortunately, we have to deal with that inheritance.

Matthew Hancock (West Suffolk) (Con): Yesterday, before the Public Accounts Committee, Treasury civil servants explained that the previous Government had the opportunity to seek to put constraints on this year's bonuses at the partly state-owned banks, but that they chose not to. Is the Chancellor disappointed by that?

Mr Osborne: I am not only disappointed by it; it has been a constraint in what we have been dealing with. It is very explicit—*[Interruption.]* The shadow Chancellor says this is rubbish, but that was the agreement that he and his colleagues signed up to. That is the problem on this issue, and I think that that is beginning to dawn on them. They have a past—they have a record. It is a record of letting the City get away with murder, and of the rest of us having to pick up the pieces.

Mr Andrew Love (Edmonton) (Lab/Co-op): Following the statement on bankers' bonuses, how would the Chancellor respond to the one in ten of my constituents who are unemployed and looking for work; the many low-paid workers who face real reductions in their living standards over the next few years; and the many public sector workers who face the possibility of redundancy? Please do not respond by saying, "We're all in this together."

Mr Osborne: To repeat what I said in my statement, I completely understand the anger and resentment felt by the many people who have lost their job or faced their income being squeezed because of the mess that was created in the British economy by the banking system and those who were regulating it. That is the situation we are dealing with. My priority today has been to put the economic recovery first and to ensure that we get banks to lend to small and medium-sized businesses, so that they can take on the people the hon. Gentleman is talking about. Small and medium-sized businesses are the engine of job creation in the British economy and they are crucial to our revival. It is also crucial that we rebalance the economy so that we are not as dependent as we were on the success of the financial services sector.

Mr Marcus Jones (Nuneaton) (Con): I congratulate the Chancellor on securing the banks' commitment to increased lending to small and medium-sized enterprises. However, the banks' aggressive treatment of SMEs, many of which are almost being bullied into accepting new lending terms, fees and charges, is still an issue that is damaging the potential for growth in our economy. Has the Chancellor discussed that issue with the banks during this process, and what do the banks intend to do about it?

Mr Osborne: I assure my hon. Friend that that issue has been at the heart of the discussions. As I have said, that is why we have put such an emphasis on getting a commitment to increased lending to small and medium-sized businesses. There will be a new code for banks, under which they will have to treat their customers much more fairly, be more reasonable and transparent about the terms that they offer, and engage with customers long before overdrafts and the like need to be renewed.

Naomi Long (Belfast East) (Alliance): I thank the Chancellor for the reassurance he gave to the hon. Member for South Down (Ms Ritchie). As he knows, Northern Ireland has a very discrete banking sector, which has been heavily affected by the Irish banking crisis, as well as by the UK banking crisis. Will he ensure that businesses and individuals in Northern Ireland benefit from the announcement he has made today with regard to both lending and regulation?

Mr Osborne: As I said to the hon. Lady's colleague from Northern Ireland, I am paying particular attention to the Northern Ireland economy, partly because of what has happened in the Republic of Ireland. I am also paying particular attention to the Northern Ireland banking system, because there is the potential for a knock-on effect from what has happened in southern Ireland. As I said, I am working closely with the Secretary of State for Northern Ireland on what we can do to stimulate growth in Northern Ireland. Finally, despite their questions, I welcome the support I have received from some Opposition parties in the House. That reflects on the fact that although the statement does not contain everything that people want, it is a positive step forward. It also shows how opportunistic the opposition of the former Labour Government is.

Amber Rudd (Hastings and Rye) (Con): Does the Chancellor welcome, as I do, the assessment of the Centre for Economics and Business Research that for the first time ever, bankers will pay more in tax than they take home from their bonuses?

Mr Osborne: I do welcome that research. We need to ensure that we get the tax revenues up. We have introduced the permanent bank levy, which was opposed by the Labour party. We have forced the banks to sign up to the code of practice, which Labour announced in a fanfare from this Dispatch Box, but managed to get only two banks to sign up to—we have got all the banks to sign up. We are looking at the tax avoidance measures that have been used, such as disguised remuneration, which the previous Government had 13 years to address, but failed to do.

Kate Green (Stretford and Urmston) (Lab): Not every worker in a bank is on a multi-million pound salary. Clerical, back office and counter staff frequently earn well under £20,000 a year. Is the Chancellor confident that these measures will begin to reduce pay inequality in the banking sector, and will he have discussions with senior bankers about worker representation on remuneration committees?

Mr Osborne: I am certainly happy to raise the issue about representation that the hon. Lady mentions, but—*[Interruption.]* These people seem to forget that they

were running the country for 13 years and had every chance to do the things that they complain about now, and they completely failed.

To return to what the hon. Lady said, I will raise the specific issue of the representation of workers within the banks. As I have said, most people, including myself, find some of the levels of pay in the financial services sector extraordinary. We are seeking to start to constrain them, although we obviously have greater control over the semi-nationalised banks. I hope that we are also ensuring that we get the tax revenues required to help pay off the nation's credit card, the budget deficit.

Neil Parish (Tiverton and Honiton) (Con): Like many hon. Members, I welcome the Chancellor's getting greater lending from the banks for small businesses, but can he assure us that there is proper competition within the banking sector, so that money is lent at competitive rates? That is one of the problems that businesses in my constituency are having: they cannot get the money at the proper rate.

Mr Osborne: My hon. Friend is right that competition in the banking industry is very important. In the past two or three years we have seen a massive consolidation of the banking industry, with many of the building societies being folded into the larger banks. HBOS disappeared, for understandable reasons, Northern Rock had to be nationalised and so on. One of the remits of the Vickers commission, the Independent Commission on Banking, is to examine competition in the sector, and of course John Vickers himself has personal experience of competition issues. That was one reason why I asked him to take up the post. The commission is examining the specific issue that my hon. Friend raises.

Gordon Banks (Ochil and South Perthshire) (Lab): On the Chancellor's aspiration to have an extra £10 billion lent by the banks to UK SMEs, may I ask him how that figure was arrived at? Is it what he considers is lacking in the economy, or is it all he could prise from his friends? Is it gross or net?

Mr Osborne: The number is gross, like the lending targets agreed by the previous Government for the nationalised banks, but this is, of course, an agreement across the banking sector. The number was part of the hard negotiations that we had in order to get the amount up. The banks were anticipating reducing lending in the British economy over the coming year, and we have reversed that and got a 15% increase in small and medium-sized business lending.

Christopher Pincher (Tamworth) (Con): In the light of his statement and what he has heard from the Opposition Front Bench, will my right hon. Friend give any further consideration to the warning offered by a certain soi-disant financial journalist who said that nothing must be done to endanger a light-touch, risk-based regulatory regime? *[Interruption.]*

Mr Speaker: Order. I must just say to the hon. Member for Vale of Clwyd (Chris Ruane) that I do not know what he has for breakfast, but I think I am going to avoid it.

Mr Osborne: I must say that it is a slightly depressing thought that the appointment of the hon. Member for Vale of Clwyd as shadow Parliamentary Private Secretary means that this will be a constant feature of the encounters in the House between me and the shadow Chancellor, but there we go.

My hon. Friend the Member for Tamworth (Christopher Pincher) makes a very good point. There are, of course, legions of quotes from former Labour Ministers including the shadow Chancellor about the light-touch regime, how they were resisting calls in Parliament to strengthen it and all of that. Quite a few of them, of course, have gone off to work in the banking sector since leaving Parliament.

Mark Durkan (Foyle) (SDLP): Does the Chancellor not accept that he may be overselling as transparency something that is really just temporary and limited translucency on bonuses, credit and lending to business? What guarantees are there that the Bank of England will not just report on the aggregate of the money available but will examine the prices and conditions involved? Will he also guarantee that if businesses are relieved by credit granted, they will not be floored by tax demanded?

Mr Osborne: First, on transparency, at the moment we have a voluntary commitment by the largest British banks, and we are going to turn that into a legislative requirement on all the major banks operating in the UK. We will bring forward proposals over the coming year to consult on that, as we have to do under the statutory procedures, but my intention has been made clear.

Bank charges and so on are properly not a responsibility of the Bank of England at the moment. It is going to focus on collecting the numbers. However, we are creating a strong consumer protection and markets authority—there will be legislation before the House on that, and a very good chief executive-designate has been hired. He will ensure that the customer gets a fair deal as well.

Geraint Davies (Swansea West) (Lab/Co-op): Will the Chancellor put a cap on the value of the shares that bank executives give themselves as bonuses, or will shares now be seen as a Trojan horse for bankers to give themselves still greater bonuses in future?

Mr Osborne: As I have explained, bonuses are actually going to be lower this year than they were in the last year of the Labour Government, who had an opportunity to do something about them.

Yes, bonuses will increasingly be paid in shares, and for a very good reason—so that when the bank goes bust, people will not walk away with a huge payment. We remember not just Fred Goodwin's knighthood but the pension that the Labour party awarded him. It was completely unable to deal with the fact that the bankers in the banks that went bust walked away with their money. One of the reasons for paying bonuses in shares, and why we have introduced the code, is so that the bankers, too, will pay a price if the bank in which they are involved fails.

Alex Cunningham (Stockton North) (Lab): The education maintenance allowance costs £580 million a year, a fraction of the cash that the Chancellor could be raising from the banks. Why is he taking more money from young people's EMA and other things affecting their lives than he is taking from the banks?

Mr Osborne: First, we are taking £2.5 billion from the banks each year, which is more in each year than in any of the Labour Government's 13 years. Of course, the context of all this is the enormous budget deficit. It is worth reminding Opposition Members that in eight weeks' time, the Darling plan would have started to take effect—the halving of the budget deficit in four years, which they kept repeating in the election and which the shadow Chancellor was apparently forced to sign up to. In eight weeks' time the big cuts would have come, which would have been £2 billion less than the cuts being undertaken by the coalition Government. We have eight weeks to hear Labour's plan for where the cuts would fall.

Trade and Investment for Growth White Paper

1.57 pm

The Secretary of State for Business, Innovation and Skills (Vince Cable): Today I turn to one of the main building blocks of economic recovery—achieving growth through international trade and by attracting inward investment. Britain makes up just 4% of the global economy, and without aligning ourselves to faster growth elsewhere, we cannot hope to prosper. But to do that, we have to do better than in the past. In the past few decades, we have consumed too much and exported too little. While our competitors were sending manufactures across the globe, we were building a property bubble. Now, with Germany exporting more than three times as much as the UK, it is vital to turn the situation round.

We have done better in attracting inward investment. We are one of the top three recipients of foreign investment in the world, and we are home to more European headquarters of overseas companies than all other European countries put together. Inward investors provide not just jobs but 30% of our research and development, but there is no room for complacency in an environment that is increasingly competitive.

The trade and investment for growth White Paper therefore sets out a strategy for creating opportunities, providing the conditions for the private sector growth through trade and investment that will help to rebalance our economy, and securing the benefits of trade and investment openness for the world's poorest people.

The Government want to focus on small and medium-sized enterprises, which are much less engaged in trade than bigger companies. They have told us that they want to take advantage of the opportunities that exist especially in emerging markets but cannot always access the trade credit insurance or finance needed to take the risk. They have also told us that since the economic crisis, they feel that it has become much harder to get cover from private credit insurers at reasonable rates. The Government will therefore create several new schemes and extend one existing scheme, which will be launched in the coming months.

First, the Department for Business, Innovation and Skills will launch an export enterprise finance guarantee scheme offering export finance valued at up to £1 million for SMEs. The Export Credits Guarantee Department will launch several schemes, including: an export working capital scheme for those who are ineligible for the EEFG scheme, offering export finance of more than £1 million; a bond support scheme under which the Government will share risk with lending banks on the issue of contract bonds; and a foreign exchange credit support scheme, which will support banks offering foreign exchange hedging contracts to SMEs by sharing credit risk. The ECGD will also extend its short-term credit insurance scheme to cover a broader range of exporters, including SMEs. In addition, UK Trade & Investment will increase its focus on emerging markets and on helping SMEs, and launch a new online service offering access to sales leads around the world.

All Ministers have been asked to support our trade diplomacy. I have led, or supported the Prime Minister in, high-level delegations to Brazil, India, China and Russia with business representatives, promoting exports and seeking inward investment. We will be doing more of the same this year and beyond.

However, half our exports are to the EU, and consequently we have a strong interest in ensuring that the EU grows. That makes the completion of the European single market even more vital. Recent analysis suggests that trade between the UK and other EU member states could be as much as 45% below potential, largely because of significant non-tariff barriers. Completion of the single market could translate into 7% additional income per head per UK household. We therefore strongly support efforts to remove barriers to trade, particularly for SMEs, in fields such as e-commerce and low-carbon products, and in professional and business services, for which there are currently an estimated 3,000 regulatory requirements. We will also press for energy and agriculture liberalisation.

At the international level, completing the Doha round is one of our top objectives. Finishing those trade negotiations could deliver a £110 billion boost per year to the global economy. We have spent 10 years negotiating and now need urgent action to agree the key elements of the Doha deal this year, so I am glad that momentum towards a deal seems to be building again. Britain will do its utmost to get the World Trade Organisation past the finishing line this year. Doha is the top priority, but we will also pursue an ambitious programme of EU free trade agreements with our main trading partners, including India, Canada, Singapore and the south American Mercosur countries and, I hope, with Japan following the recent agreement with South Korea.

Finally, the UK is committed to assisting poor countries to take advantage of the opportunities presented by an open global trading system. International trade is one of the most important tools in the fight against poverty and research evidence shows that per capita incomes grow three times faster in countries without trade barriers than in other developing countries. We will therefore ensure that trade is a central theme across our bilateral aid programme, and promote regional integration, notably in Africa through our Africa free trade initiative. Helping the developing world in that way is the right thing to do on moral grounds, and it is in Britain's economic national interest.

This White Paper sets out an ambitious direction for the UK and will guide the Government's work on trade and investment. We will implement it vigorously and actively, and I urge British business to seize the opportunities that it will present. In that way, we will all benefit from the vision it sets out: an open trading system and a competitive British economy, driving jobs and growth.

Mr John Denham (Southampton, Itchen) (Lab): I thank the Secretary of State for sending me a copy of the White Paper earlier today and for notice of his statement. I welcome the broad thrust of the statement so far as it goes, but may I remind him that exports alone will not deliver without a credible plan for growth across our economy? Putting new tyres on the car will not make it perform better if the engine has not been fixed.

We welcome the importance given to exports and export support, and support the increased focus on the major emerging markets such as Brazil, China and India, without neglecting our longer-established markets. We also welcome the commitment to opposing protectionism and promoting free trade. Subject to the detail, we will support the particular measures that the Secretary of State proposes to develop export support for SMEs, although I hope he can give us a timetable for their implementation. I hope the Secretary of State acknowledges that all those measures build on work done by the previous Labour Government.

Like the previous Government, this Government are committed to the completion of the Doha round of global free trade talks. Given the difficulties that those talks have had in the past, can the Secretary of State tell the House what specific new initiatives he will take in the coming year to ensure that talks are completed successfully? His predecessor and my right hon. Friend the former Prime Minister played an active and engaged role in trying to move the WTO towards agreement. What personal role has the Secretary of State played and what commitment has he gained from the Prime Minister about his personal involvement in securing an agreement this year?

Does the Secretary of State accept that the Doha round must foster development, and will he respect and build on the work of his Department and the Department for International Development under the previous Government to ensure that trade agreements support poorer, developing countries?

The White Paper recognises the potential benefits of completing European free trade agreements. What specific new initiatives will the Secretary of State take within the Council of Ministers to get things moving forward? Finally on Europe, what specific measures will he take to broaden and deepen the single market, as the White Paper puts it?

There appear to be some significant problems underlying the White Paper. Can the Secretary of State assure me that the cap of £25 million does not create a gap in export support for mid-range companies? Will he confirm that the UKTI budget will be cut by 19.5% in real terms? Given the expansion of activities in the White Paper, where and how will cuts be made without damaging support for exporters? What role will the science and innovation network play in supporting the export strategy?

Does the Secretary of State recognise that a successful export drive depends fundamentally on having goods and services to sell, and on having the companies that can provide and sell those goods and services? Does he therefore also recognise that the Government's reckless approach to deficit reduction is damaging the prospects for growth and jobs? Can he tell the House why the strategy for growth has still not been published when he promised it in October? Does he acknowledge that the new director-general of the CBI has now joined the previous director-general in criticising the Government for having no plan for growth? Without a clear vision for the economy and a plan for growth, we will not have enough companies to export or the products to sell.

Will the Secretary of State confirm that pharmaceuticals and the life sciences are one of the knowledge-based industries by which we can hope to earn our way in the world? Last week, Pfizer announced the closure of its Sandwich plant. Is it not a chilling message that one of the world's leading pharmaceutical companies looked at its global activities and decided that it no longer needed to be in the UK, and that it could afford to the leave the UK outside its global research strategy? How much more investment will we lose before this complacent Government produce a credible plan for growth?

[Mr John Denham]

The White Paper says that the Government will invest in UK infrastructure. Will the Secretary of State confirm that the introduction of universal broadband has been delayed by three years, and that there is no credible plan for fast broadband? Does he accept that those failings make the UK a less attractive place for investment by companies that support the digital economy?

Does the Secretary of State recognise that a recent report by Experian and the National Endowment for Science, Technology and the Arts concluded that there are companies with the potential to grow and export in every region of the country and in many different sectors of the economy? Does he recognise that regional development agencies often worked with UKTI to support exporters? He has abolished RDAs, but can he explain why the White Paper contains only one passing mention of regional support for exporters and support for exporters in the regions? How will he ensure that potential exporters get the right support in every part of the country?

The White Paper praises higher education as a gross export earner of £5.3 billion, so why has the Secretary of State supported changes to student visa policies that will do real harm to the country's seventh biggest export earner and undermine our long-term trade and development interests? The White Paper speaks of investing in science, but does the Secretary of State recognise that with science investment cut in real terms and other countries increasing their science investment, we are in danger of losing world leadership in this area?

I welcome the recent performance of manufacturing exports, which have taken advantage of a competitive pound. Will the Secretary of State confirm that the strength of the manufacturing sector has been supported by the previous Government's support for science, research and development tax credits and capital allowances, and that—in the worst of the global recession—the scrappage scheme, time to pay and flexible tax credits all helped manufacturers to retain more of their work force? Does he recognise that we now have a unique opportunity to use manufacturing exports to strengthen the supply chain companies and develop the next generation of world-beating export products? What is he doing to ensure that we take advantage of that opportunity?

There is much common sense and continuity in the White Paper and no need for artificial arguments about it, but the Secretary of State must recognise that its impact will be limited without a credible plan for growth.

Vince Cable: First, may I respond to the right hon. Gentleman's positive comments? He is right that, compared with, say, the United States or France, there is a significant degree of consensus about trade policy. Probably one of the best statements on the relationship between trade and globalisation was set out by Clare Short, a few years ago when she was Secretary of State. There is a lot of common ground.

The right hon. Gentleman asked about Pfizer. As it happens, I chaired the task force this morning, which—with the leader of Kent county council and the Minister for Universities and Science—is seeking actively to try to save as many jobs as we can on that site and to mobilise other pharmaceutical companies. Its work is coming along well, but these are early days.

The right hon. Gentleman asked specifically what I have been doing in relation to international trade initiatives. In each of the major BRIC—Brazil, Russia, India and China—countries that I have visited, I have engaged with the Trade Ministers, especially the key ones in India and China, which are critical to the success of the Doha round, and tried to persuade them of the importance of making good offers. We have had useful discussions about that. I have had several meetings with Mr Barnier about how we can progress the single market, and only a week ago I was in extensive discussions with my opposite number from India about the European Union free trade agreement. These are works in progress, but progress is undoubtedly being made.

The right hon. Gentleman asked about some of the concrete measures on trade promotion and resources. He appreciates that export credit guarantees are underwriting bank lending—they are not a cash contribution and there is no resource implication. He asked about timetables, and these schemes will be introduced in the next two to three months on a pilot basis. They are, in fact, imminent.

The right hon. Gentleman rightly mentioned the fact that there is some reduction in the UKTI budget, but he should recall that, under the RDA system that he extols, there was a ludicrous duplication of resources. We had British trade ambassadors from each of the RDAs posted in overseas countries, competing with each other and wasting resources. We will get more from less when it comes to trade promotion.

On the wider issue of the state of the economy, we earlier had an extraordinary display of amnesia from the shadow Chancellor, who forgot his role in the last Government. The shadow Secretary of State now tells us about the decline in manufacturing. He may have forgotten the debate last week when we had to point out to him that the decline in the manufacturing sector in the UK economy from 20% to 12% of GDP was far in excess of any other developed country, and that is the rebalancing problem that we are now trying to address. Of course, trade by itself will not solve the problem—it is 30% of GDP—but it is important, especially for some areas such as the north-east of England. Rebalancing is about manufacturing, exports and private sector investment.

Mr Brian Binley (Northampton South) (Con): Now that the Secretary of State has been in situ for some time, does he recognise—as we on the Business, Innovation and Skills Committee recognise—that UKTI is a bureaucrat's vision, not a business man's vision, evaluates itself on process and not on outcomes, and has a variable performance dependent on the quality of personnel in post? Does he also recognise that not one trade ambassador comes from the entertainment or music industry, which are among the major earners for Britain in the world at large? Will he have a root and branch review of UKTI, using business input, to ensure those outcomes?

Vince Cable: The business people whom I meet—and I meet a great many—frequently make a positive assessment of the support that UKTI gives them. There are some criticisms, but not many. To answer the hon. Gentleman's final point, he will know that Lord Green is now the Trade Minister. He has a business background and is applying precisely the disciplines that the hon. Gentleman feels—and I agree with him—are necessary.

Joan Walley (Stoke-on-Trent North) (Lab): Nothing is more important than creating jobs in the part of north Staffordshire that I represent. Because so many jobs are at risk because of public sector cuts in that area, the statement that the Secretary of State has just made is perhaps the most important statement that we will receive from this Government. Will the right hon. Gentleman work with us to ensure that that trade diplomacy that he mentioned will embrace making the case for investment at every level, including in the new environmental technologies, and the support needed for SMEs? The chamber of commerce in north Staffordshire tells me that the business initiative does not have the funding that it needs.

Vince Cable: The hon. Lady is right to say that trade is crucial in her part of the country, and I have had discussions with her and her neighbours about the ceramics industry, which is clearly one of our success stories, and we should promote it. I also met the chairman of her local enterprise partnership, who was a good deal more sanguine about its prospects than she is.

Lorely Burt (Solihull) (LD): I warmly welcome this statement, particularly the measures for SMEs. The previous Government were very good at helping with weapons and the aerospace industry, but this is one sector that really needed some help. What can my right hon. Friend do to publicise the scheme to ensure that all SMEs that are thinking of exporting can benefit fully from the measures that we are taking today?

Vince Cable: I would not completely deprecate efforts to promote the aerospace industry—I am doing the same—but my hon. Friend is right to say that the key message of the statement is about SMEs. Compared with countries such as Germany, the number of our small businesses that export is relatively small, and we have to publicise that help through bodies such as the Federation of Small Businesses and the chambers of commerce, as well as through our website. We will be active in doing that.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): As Chair of the Business, Innovation and Skills Committee, I wish to make it clear that previous reports from the Committee are slightly less critical of UKTI than may have been suggested by a Member earlier. I broadly welcome the thrust of the White Paper, especially in connection with export credit finance, which is obviously of crucial importance. It is good that that is being seen to be addressed. The White Paper and the Secretary of State both refer to the potential for further trade with the EU, and the removal of non-tariff barriers will have the potential to boost this country's export income. Can the Secretary of State be more specific about what policies he will pursue in that area and give us assurances that those will have the support of the European Scrutiny Committee?

Mr Deputy Speaker (Mr Lindsay Hoyle): Can we have very short questions? There are many Members who wish to contribute, and I want to try to fit everyone in.

Vince Cable: As far as the single market is concerned, I meet Mr Barnier regularly, and there is now a real momentum behind trying to implement the Monti report, which sets out how the single market can be deepened. There are key areas where Britain can do well—such as low-carbon products and services in general, where there are enormous obstacles to trade—and we will focus on those.

Nadhim Zahawi (Stratford-on-Avon) (Con): May I thank my right hon. Friend, on behalf of small and medium-sized enterprises in Stratford-on-Avon, for the White Paper? His focus on exports and tackling some of the problems with the ECGD is absolutely right. I would like to bring to his attention the fact that export finance through banks is under threat from gold-plating by the Financial Services Authority and parts of Basel III. Such finance is a safe way of financing exports for our SMEs, and indeed all our businesses. The failure rate is 0.002%, yet it is in danger of being put in the same bracket as long-term finance, which would act as a disincentive for banks to fund export finance.

Vince Cable: As far as the ECGD is concerned, one of the things that we discovered when we investigated this matter is that Britain is far behind countries such as France—which has COFACE and other such agencies—in providing trade finance. That is the gap—the market failure—that we are trying to fill. I hear my hon. Friend's point about banks in general—a point that the Chancellor dealt with a few moments ago. There is clearly an issue about the extent to which the FSA has overreacted in its interpretation of international rules.

Mr Pat McFadden (Wolverhampton South East) (Lab): I am sure that the whole House will welcome measures to help small and medium-sized businesses to export more, but how are small businesses helped to export by the abolition of the grants for business investment scheme? The figures from the Secretary of State's own Department show that this money produced £10 of private sector investment for every £1 of public money spent. The money was directed overwhelmingly at small and medium-sized businesses, and overwhelmingly at manufacturing companies, and it was available only in the assisted areas that the Government say they want to help. Does not the abolition of the scheme show that there is now a widening gulf between the rhetoric about rebalancing the economy and the reality of the policies that the Government are pursuing?

Vince Cable: We want to help small businesses, but we intend to do so in a more cost-effective way, and in a more effective way overall. The support for trade finance that I have described is specifically directed at small enterprises. As for the other schemes, such as mentoring, which the right hon. Gentleman will know about through my colleague the Minister of State, Lord Green, we are putting in place a whole series of measures that are focused specifically on the SME community.

Margot James (Stourbridge) (Con): I congratulate the Secretary of State on extending the remit of the Export Credits Guarantee Department into small business support, but will he review the department's performance and structure further? I refer in particular to the fact that 90% of the support that it provides goes to the aerospace industry. That shows a real imbalance, and there are other problems with the functioning of that department too.

Vince Cable: I accept the general argument. We accept that the ECGD is an agency of Government that needs reform. It has been heavily constrained in recent years by judicial reviews of some of its export activities. Of course we have to respect the courts, but the ECGD clearly needs to do more and perform a wider range of functions. What we are announcing today for small-scale enterprises is a key step forward.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The latest figures from Her Majesty's Revenue and Customs indicate that Welsh exports fell by 6.3% in the previous four quarters. Considering that UKTI has no presence in Wales, what is the Secretary of State doing to ensure that my country, traditionally an exporting nation, is at the heart of this strategy?

Vince Cable: I did not totally follow the hon. Gentleman's point about the statistics. Just to go over what the most recent statistics from a couple of days ago tell us, exports actually grew by 6% in the last quarter of last year, compared with the previous quarter. We should not read too much into that, because we are in abnormal conditions, but exports, along with business investment and manufacturing, are now growing. Wales, as a manufacturing and export centre, as he says, should be benefiting from that, and I hope that it will.

Stephen Mosley (City of Chester) (Con): The Secretary of State's statement was strong on specific measures for encouraging trade and exports. However, it was less detailed when it came to inward investment, which is equally important when it comes to creating jobs and growth in the UK. What specific measures is he proposing to boost inward investment into the UK?

Vince Cable: It is right to say that inward investment is enormously important. We start from a position of strength, as a major host country for inward investment. One of the specific actions that we are taking is giving the Trade Minister, Lord Green, personal responsibility for developing close relations with our major inward investors, in order to build up the flow of capital into this country.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): One way to make our businesses, both large and small, more internationally competitive is to ensure that we have the skilled work force that we need for growth. Does the right hon. Gentleman agree that a vital tool in that is using public procurement, at both local authority and Government level, to increase the number of apprenticeships available? That tool was widely used by the Labour Government, and is successfully used by our European counterparts. Given that my Bill—the Apprenticeships and Skills (Public Procurement Contracts) Bill, which is due to receive its Second Reading this Friday—is supported by the Federation of Small Businesses and the British Chambers of Commerce, will the Secretary of State now lend his support to it?

Vince Cable: As it happens, I launched apprenticeship week on Monday, and visited several parts of the country to promote apprenticeships and raise their status. Indeed, Government support has increased, as the hon. Lady knows, with 75,000 new apprenticeships this year. There are good elements in her Bill, and I know that she is talking to the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), who is sitting beside me now, about how we can take those positive elements forward.

Richard Harrington (Watford) (Con): I commend the Secretary of State for today's statement on the White Paper. Last week I visited a company called Davin Optronics in Watford, which employs about 50 people. The company is really keen to expand into exports, yet it does not have the resources to fund a major campaign abroad. Can he assure me, first, that the measures in the White Paper for small businesses will assist them through UKTI, and secondly, that he, one of his colleagues or an official from UKTI will visit the company, help it, and get the publicity that this drive deserves?

Vince Cable: I hear many stories of that kind; indeed, I have small businesses in my constituency that are in exactly the same position. If I can meet the company, I shall be happy to do so, and certainly one of my colleagues will. With the additional support that we have given, along with our additional competitiveness through the exchange rate, for example, my hon. Friend will find that large numbers of SMEs will move forward over the next year, and he has identified one such company.

Dr Alasdair McDonnell (Belfast South) (SDLP): Is the Secretary of State aware that SMEs and exports are the lifeblood of the Northern Ireland economy? Can he tell us whether he has had any discussions with the devolved Governments and the regions? Will there be easy access for companies? We have had a particular difficulty in the past with exports from the food and meat industries. There is also a need to deal with cross-border trade with the Irish Republic, which could be boosted considerably. Will he pay special attention to those issues?

Vince Cable: My colleague the Trade Minister, Lord Green, was in Northern Ireland only a few days ago, meeting Bombardier and other key investors. The hon. Gentleman is quite right to stress the importance of trade with the Irish Republic; somebody pointed out to me recently that our trade with Ireland is worth more than our trade with the BRIC countries put together. Clearly we must not forget that.

Mr Marcus Jones (Nuneaton) (Con): There are many SMEs, particularly manufacturers, in my constituency that are capable of taking on the export opportunities that my right hon. Friend mentions. Often they do not readily receive the relevant information on how to take up those opportunities. How will the information about those opportunities be disseminated to grass-roots SMEs in constituencies such as mine?

Vince Cable: My colleague the Minister of State, Lord Green, is developing a support package for SMEs that involves a much more accessible website that I hope will give the information that such companies require. I totally accept the basic point that, because of a lack of information, there is often a gap between what is available and what is accessed.

Mr Denis MacShane (Rotherham) (Lab): Does the Secretary of State share my concern—and, I am sure, that of the right hon. Member for Sheffield, Hallam (Mr Clegg)—at the letter that I received this week from the vice-chancellors of Sheffield university and Sheffield Hallam university that said that the cut in permits for foreign students will cost Sheffield £25 million in the next year? The Secretary of State has been involved in international education; he is an internationalist; he is intellectual. We are putting up the shutters to foreign students in Britain, which is slowing us down and will cost South Yorkshire a lot of money. Can he talk to the monoculturalists in the Tory party and get some more sense on this issue?

Vince Cable: I am certainly talking to my colleagues in the Home Office and making exactly the case that the right hon. Gentleman has just made. [HON. MEMBERS: "Oh!"] This is a major export industry—worth over £5 billion, quite apart from the other benefits that we derive from having overseas students—and in the universities there is almost no problem. As he knows, there is an issue with some English language schools, but those schools are also a feeder for students going to university here. It is important that we remain as open as possible, while dealing with the undoubted abuses that occur in some cases.

Julian Smith (Skipton and Ripon) (Con): In this transition year between regional development agencies and local enterprise partnerships, will the Secretary of State ensure that the regions, especially Yorkshire, fully benefit from this excellent White Paper?

Vince Cable: Yes; my hon. Friend has raised the wider point about ensuring that the LEPs are as effective as possible. As he will know, the Minister of State, Department for Business, Innovation and Skills, my hon. Friend the Member for Hertford and Stortford (Mr Prisk) has announced that most of Britain, including all our major conurbations, is now covered. I now expect them to get to work, and to address the kind of problems that my hon. Friend has brought to our attention.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Before the statement, I attended an event here in the Commons organised by Heriot-Watt university to highlight the university's very successful international strategy. The principal pointed out in his speech, however, that the biggest obstacle was the proposed changes in student visas and work permits, which will affect Edinburgh university as well. Those universities, and others, hope that the Secretary of State will be successful in the battle that he is apparently having with the Home Office. This is not just a question of the effect that the changes will have on universities here and now; it is also about the image that this country will have if it sends out an unwelcoming message, as well as the possibility of undermining our export potential. I hope that the Secretary of State will take all these points to the Home Secretary when he has his discussions with her in Cabinet.

Vince Cable: The hon. Gentleman makes the same point as his colleague the right hon. Member for Rotherham (Mr MacShane), and I do not think that I need to reply again at length. I totally accept the importance of having a liberal system for the admission of students—subject to the need to deal with abuses.

Elizabeth Truss (South West Norfolk) (Con): Food and farming is now the UK's largest manufacturing sector, and enterprising companies such as Heygates flour in Downham Market are exporting their products to the middle east. I am concerned about the level of regulation, and about whether BIS sees food and farming as a mainstream industry. The industry is often caught up in regulations both from Europe and from the Department for Environment, Food and Rural Affairs. I have worked in international business, selling overseas, and I received a lot of support at that time from embassies and high commissions, under the auspices of the Foreign Office. What is BIS doing to link up with those people who can provide valuable assistance on the ground to people wanting to sell into those markets?

Vince Cable: My colleague is right to emphasise the importance of that industry. Food and drink represents more than 10% of the manufacturing sector. On the various trade missions that I have been on, companies in the sector are often at the top of the list in pushing for better access. In the European Union there are many obstacles to trade, both within the Union and across borders. It has a very illiberal and unsatisfactory system for dealing with agriculture, and we want to open it up.

Mr Andrew Love (Edmonton) (Lab/Co-op): Will the Secretary of State confirm press reports earlier this week that his flagship policy of a national insurance holiday for new start-up businesses outside the south-east is failing? According to the figures only 1,500 businesses have come forward, yet the Government expect 400,000 to do so over the next three years. Does he not consider that a flop?

Vince Cable: I do not recognise the hon. Gentleman's numbers. I get a great deal of feedback, particularly from small companies outside London, telling me that they are benefiting from taking advantage of the national insurance contribution relief. The Chancellor will announce the progress of the scheme in the Budget, and tell the House how he is going to develop it.

Mr Rob Wilson (Reading East) (Con): May I add my welcome for the focus on SMEs? The Secretary of State is making absolutely the right judgment on this, because they will be the engine of growth and jobs in the economy. Last Friday I visited Moog, a first-class company in my constituency that is involved in advanced manufacturing and a strong exporter of components. As the Secretary of State knows, that is a very important sector. What more can he do to support advanced manufacturing and companies like that?

Vince Cable: My diary would be seriously oversubscribed if I offered to visit all the companies that have been mentioned this afternoon, but I am happy to talk to my hon. Friend about the specifics. Indeed, a key element of the growth strategy that the Government are working through relates specifically to the development of advanced manufacturing, and key support for that will be provided by the technology centres, for which we have obtained additional funding, and which will be rolled out over this year.

Mr William Bain (Glasgow North East) (Lab): On a day when the Office for National Statistics has revealed that the UK's trade deficit widened in December to its

[Mr William Bain]

highest level since August 2005, and the chief economist of the British Chambers of Commerce has said that

"Britain's trading position is not improving".

will the Secretary of State concede that it was a big mistake to slash investment in capital allowances, which help manufacturing exporters?

Vince Cable: I do not think that the hon. Gentleman has studied the figures carefully. If he does, he will see that the trade deficit narrowed slightly in the last quarter of last year, as against that quarter in previous years. The figures are not good, and they have not been good for many years. We have had very poor trade performance; that is what I said at the start of my statement. We have a massive legacy of underperformance in exports, and particularly in manufactures, that we have to overcome, and the White Paper represents a clear step in the direction of remedying that problem.

James Morris (Halesowen and Rowley Regis) (Con): I welcome the Secretary of State's statement. Does he agree that it is important for UKTI to develop co-ordinated relationships with the new local enterprise partnerships, especially in the black country, in order to ensure that local businesses have proper access to export markets?

Vince Cable: Yes, indeed, and that is the case. UKTI will continue to delegate people to work in the regional areas. In the past there has been an enormous amount of duplication and waste, and those people will continue to work in exactly the way that my hon. Friend describes, but more effectively than in the past.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): We have just heard that the Secretary of State supports efforts to remove barriers to trade, particularly for commodities such as low-carbon products. Will he therefore update us on when his Department plans to release details of the green investment bank, and how much money will be made available for it?

Vince Cable: I gave evidence to the Environmental Audit Committee about 10 days ago on the timing of the green investment bank. As I explained then, the business plan will be available in May. We assume that staff will be hired by the end of this year, and that loans will be made next year. I set out the programme and the road map when I was interrogated by the hon. Lady's colleagues.

Neil Carmichael (Stroud) (Con): I certainly welcome this statement, but I would like to probe the Secretary of State on the question of the European single market in connection with the ability of small businesses to form alliances and joint ventures with other small businesses in Europe. In addition, I would simply observe that SMEs in my constituency have a more than passing interest in capital allowances.

Vince Cable: I continue to hear strong representations about the value of capital allowances from, among others, the Engineering Employers Federation. That is clearly one of the things that the Chancellor will be mulling over before the Budget.

Tristram Hunt (Stoke-on-Trent Central) (Lab): In Stoke-on-Trent we welcome the emphasis on small and medium-sized enterprises and manufacturing exporters, but as my right hon. Friend the Member for Wolverhampton South East (Mr McFadden) said, there seems to be a dissonance between the rhetoric and the reality. Business Link has announced that it is no longer funding two enterprise agencies in north Staffordshire, Business Initiative and Stafford Enterprise. The local chamber of commerce is very worried about the effect that that will have on local start-ups and their ability to export. There does not seem to be very much joined-up thinking here.

Vince Cable: As many people on this side of the House who have run small businesses will know, the problem with Business Link was that it was a very ineffective system of business support. It has now been replaced, and in future small businesses will have access, through mentoring, to other business people, rather than to those who serviced Business Link, which was not a successful scheme.

Point of Order

2.38 pm

Grahame M. Morris (Easington) (Lab): On a point of order, Mr Deputy Speaker. May I seek your guidance on what recourse is available when a ministerial answer to a written question is not only incorrect but directly contradicts the Government's own impact assessment of the Health and Social Care Bill? When asked about the cost distortions involved in the private sector providing health care services, compared with an NHS provider, the Minister of State, Department of Health, the hon. Member for Sutton and Cheam (Paul Burstow) said in his written answer:

"it has not been possible to determine, on balance, whether NHS bodies or private providers of NHS services are systematically advantaged or disadvantaged relative to the other."—[*Official Report*, 4 February 2011; Vol. 522, c. 1007W.]

And yet, Mr Deputy Speaker—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. That is not a point of order, or a matter for me. I would advise the hon. Gentleman that the Table Office is the place to take this matter up, and I am sure that it will be very helpful in trying to put it right. If he takes the matter to the Table Office, I am sure that it can be sorted out quickly.

Former Metal Mines

Motion for leave to bring in a Bill (Standing Order No. 23)

2.39 pm

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): I beg to move,

That leave be given to bring in a Bill to give the Coal Authority responsibility for preventing adverse environmental impacts from former metal mines; and for connected purposes.

At present, 9% of rivers in England and Wales are impacted by contaminated water discharging from orphan metal mines. These impacts represent one of the greatest obstacles in achieving water framework directive objectives, along with the problem of gaining back the loss of amenity and areas of ecological value. Metal mines are excluded from the Coal Authority's duty to remediate similar water pollution emanating from coal mines—a position established under the memorandum of understanding with the Environment Agency in 1999. I propose that orphan metal mines should come under the same supervised expertise of the Coal Authority.

At present there is no legal responsibility for any party to maintain a disused orphan metal mine. This state of affairs is largely down to historical timing, because mining of iron ore largely stopped in the '60s, as it did in other metal mines—yet coal mining persisted, in the main, into the early '90s. Work in Wales, the south-west and Northumbria has identified more than 3,700 sites, although not all are causing serious pollution. No metal mines are still in use; the largest tin mine in Cornwall closed in 1998. Deep mines are still working, especially in my constituency at Boulby, where the tradition of mining is kept alive at the Cleveland Potash mine.

I came into contact with the issue of abandoned metal mines through the Saltburn Gill action group. Saltburn Gill is a narrow wooded stream valley leading directly off Saltburn's famous surfing beach to the historic pier, hydraulic cliff lift and other tourist attractions of that popular Victorian resort town. Much of the Gill is a nature reserve and is designated as a site of special scientific interest as a relic of post-glacial native woodland. It is a popular walking area, and local wildlife attractions include kingfishers and visiting otters. It is also situated near the 82 shafts that access the historic networks of iron ore.

Mining in Teesside began in the 1850s, following the discovery by John Vaughan and John Marley of the main seam outcrop in Cleveland, thereby beginning a 150-year history of iron and steel making on Teesside. The iron ore from those hills, forged on the river Tees, was integral to the Victorian obsession with cast iron, the construction of the Tyne bridge and the building of Sydney harbour bridge.

Unfortunately, both Saltburn Gill and Skelton Beck began to see significant impacts from ochreous mine water appearing overnight on 18 May 1999. That quickly turned this otherwise high-quality watercourse bright orange, devastating the downstream ecology. Saltburn Gill and Skelton Beck are perfect examples of how a local river or stream can be severely impacted by mine water discharging from disused orphaned ironstone mines.

As a result, Saltburn Gill and Skelton Beck are classified as moderate and poor respectively under the water framework directive. Over 330 kg of iron ochre is deposited on the stream bed every day, contributing to

[Tom Blenkinsop]

100 tonnes of iron hydroxide ochre delivered straight into the North sea each year. The pollution reduces oxygen in the stream, stops sunlight and smothers the bed, with a devastating effect on the ecology. A biological impact survey of the stream showed that the pollution had reduced the quality of the beck from grade B, which is good, to grade F, which is bad, in the 1.5 km stretch from the discharge to the sea.

Nationally, abandoned mines are the second biggest diffuse water pollutant, after agriculture. In 1992, one of the UK's biggest pollution incidents took place when 45 million litres of heavily contaminated water burst from the recently closed tin mine at Wheal Jane in Cornwall. The mine water, loaded with cadmium, arsenic, zinc and iron, flooded into the Carnon river, causing a vast plume of polluting orange water in Falmouth bay. In the end, it was decided that a chemical treatment plant was needed to deal with the scale of the problem, allow treated water to flow to the river and block pollution.

That was all achieved by direct Government action at the time after a major incident—not via legislation giving powers to an agency to take preventive measures to avoid such incidents occurring in the first place. For Saltburn Gill action group, assistance was given by the Environment Agency, Teesside university, the local wildlife trust, Saltburn, Marske and New Marske parish council and others, to try to find a solution to the problem.

In 2009, in partnership with the Coal Authority and with funding from the Department for Environment, Food and Rural Affairs, the Environment Agency undertook a number of investigations to establish the feasibility of building a treatment plant for the mine water at Saltburn. Three boreholes were drilled into the workings and a pumping test was run for three months to help the Environment Agency and Coal Authority to design a treatment plant.

One of the first things discovered was that the mine water level was 10 metres higher than the discharge point. This has raised concerns that there is a risk of a significant outbreak. The pumping test also demonstrated to the Environment Agency and the Coal Authority that the recharge area for the mine was much larger than expected. Laboratory and field-scale tests have shown that up to 99% of the iron could be removed in a treatment plant. Furthermore, there are also industrial economic benefits to be gained from existing coal mine water treatment plants, which could be expanded if metal mines were adopted by the Coal Authority.

About 50,000 tonnes of ochre are collected every year from existing coal mine water treatment plants. The vast majority of this ochre is transported for landfill, despite the fact that it could be used for phosphate removal in sewage treatment works, could provide a pigment in the dye and paint industry, and could be used as a bulking agent and dye in the cement industry, or as feedstock for the iron and steel industry. The UK currently imports 250,000 tonnes of ochre from Australia, while sending to landfill the vast bulk of the 50,000 tonnes that it collects via the Coal Authority. Indeed, some mine waters contain significant quantities of valuable metals, and the potential for extracting them, and other chemicals, both from the mine water and from the ochre is a subject that requires further research.

There are also heritage issues to be considered in the maintenance of abandoned metal mines. A great many mines are protected as scheduled ancient monuments, and some, such as the tin and copper mining areas of Cornwall and west Devon, have UNESCO world heritage site status. Although protection of the heritage of certain sites means some treatment methods are not suitable, it can be a driver for remediation. A good example is at Parys mountain, Anglesey, where remediation activities are led as much by the local industrial heritage trust as by the Environment Agency. Another good example is at the National Coal Mining Museum for England at Caphouse colliery near Wakefield. Rising mine water posed a threat to the underground workings that were open to visitors, as well as to the River Dearne. Through work with the Coal Authority, the mine water was controlled by pumping and treated at the surface. The treatment plant is now part of the visitor attraction, with hides for birdwatching built into wetlands.

Of course, the impact of climate change could make the problem of abandoned mine pollution worse. Increased and heavier rainfall intensity will increase the erosion of contaminated spoil heap material, and sediments and deposition on agricultural land in downstream floodplains.

Legally, the Water Resources Act 1991 is the most important piece of pollution legislation in England and Wales. It outlines the principal offence that a person contravenes the Act if he or she

"causes or knowingly permits any poisonous, noxious or polluting matter or any solid waste matter to enter any controlled waters."

Until 31 December 1999, section 89(3) of the same Act contained a defence:

"A person shall not be guilty under Section 85 by reason only of his permitting water from an abandoned mine to enter into controlled waters."

Consequently, there has only ever been one successful prosecution. Even for the Wheal Jane tin mine, and in other high-profile cases, prosecutions were not brought, following legal advice that "causing" could not be proven because of the long and complicated history. That defence was removed in 1999, but the removal could not be applied retrospectively. This presents difficulties, as the European mining waste directive will mean a new regulatory regime to control waste facilities at working mines and quarries. Crucially, it has implications for abandoned mines. By 2012, member states have to

"ensure that an inventory of closed waste facilities, including abandoned waste facilities...which cause serious negative environmental impacts or have the potential of becoming in the medium or short term a serious threat to human health or the environment is drawn up and periodically updated."

For all these reasons—litigious, historical, ecological and economic—I move that the Coal Authority be given the legal go-ahead to take over such abandoned metal mines, so that rivers and streams like Saltburn Gill, Saltburn Beck and Skelton Beck are returned to their former glory.

Question put and agreed to.

Ordered,

That Tom Blenkinsop, Ian Swales, Mr Iain Wright, Alex Cunningham, Ian Lavery and Mrs Jenny Chapman present the Bill.

Tom Blenkinsop accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 4 November 2011, and to be printed (Bill 145).

Police

2.48 pm

The Minister for Policing and Criminal Justice (Nick Herbert): I beg to move,

That the Police Grant Report (England and Wales) for 2011-12 (House of Commons Paper No. 771), which was laid before this House on 31 January, be approved.

As well as seeking the House's approval for the grant, I want to explain why this settlement for the police is necessary, challenging but manageable, and how the Government are helping the service to meet the challenge.

On 13 December, I laid before the House the Government's proposed allocations of grants to police authorities in England and Wales. Following that, the Government held a six-week consultation on the proposed allocation of funding, during which 34 representations were received from across 20 force areas. I would like to thank hon. Members, members of police forces, police authorities and other policing organisations across the country for taking the time to share their views on the provisional settlement. Their comments have been considered carefully and fully.

Having inherited the largest peacetime deficit in Britain's history, the Government had no option but to reduce public spending, and a police service that spends more than £13 billion a year cannot be exempt from a requirement to save public money. The October spending review set the overall cut in funding at 20% in real terms over four years, and it set the profile of the reduction. I accept that the settlement is challenging, but the Government believe that it is manageable, and that if savings are made in the right areas the service to the public can be maintained and, indeed, improved.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): The Minister says that the settlement is challenging. Does he accept that it is more challenging for some forces than for others, and that a force in Merseyside depends far more on central Government grant than a force in Surrey, which raises half its funds locally? Will he consider, for the purpose of future years, looking again at an issue that is causing great concern in my constituency?

Nick Herbert: I absolutely understand the hon. Gentleman's observation that different forces raise different amounts from local taxpayers, and I shall deal with it shortly. I remain open-minded about the issue, given that the report relates to allocations for the next two years.

Robert Halfon (Harlow) (Con): Is my right hon. Friend aware that over the past few years Essex police have made efficiency savings of 25%? Helicopter, payroll and legal services are now being shared, but Harlow police station remains open 24 hours a day, and our front-line services have been protected.

Nick Herbert: I welcome my hon. Friend's comments. There are examples throughout the country—and I intend to provide some—of police forces that are making significant efficiency savings, and working in a smarter way that improves the service to the public even when funds have been reduced. It is clearly possible to achieve that.

It has been said that the profile of the cuts is front-loaded so that forces must find the biggest savings at an early stage. The profile reflects the need to make early progress on reducing the deficit, and it is set, but we must view the grant reductions in context. The biggest cut does not fall in the first year. The average cash reduction in grant is 4% in the first year, 5% in the second, 2% in the third, and 1% in the fourth.

It is also important to remember that a 20% reduction in Government funding in real terms does not mean a 20% reduction in force spending power. Forces do not receive all their funding from central Government; on average they receive about a quarter of it from the council tax component of precept, which is determined locally. If police authorities and, thereafter, elected police and crime commissioners choose to increase precept at the level forecast by the Office for Budget Responsibility, the settlement represents a 14% real-terms reduction in overall funding over four years. Of course I recognise that the local contribution to police spending varies considerably between forces, and I shall deal with that aspect shortly.

Helen Jones (Warrington North) (Lab): Why does the Minister think that a force such as that in Cheshire should lose 200 front-line police officers while the Government are spending money on an unnecessary switch to political police commissioners? My constituents would much prefer that money to be spent on putting officers on the beat.

Nick Herbert: I have explained this to the House before, but I am happy to do so again for the benefit of the hon. Lady. If she looks at the allocations that we have made, she will see that the additional cost of holding an election for police and crime commissioners will not come from force budgets, but has been provided separately by the Chancellor of the Exchequer.

The argument that, because a cost is involved in the holding of an election, that election should not take place is a very foolish one, and a particularly odd one for an elected Member of Parliament to advance. When the Labour party proposed five different referendums in its manifesto, I did not notice its advancing the argument that a cost would be involved. I should also point out that it is now Labour's policy for police authority chairs to be directly elected, and that the cost of holding those elections would arise every four years. Perhaps the hon. Lady should remonstrate with those on her party's Front Bench if she considers that that is not money well spent. There is now agreement on both sides that there should be direct elections, and a cost is involved in that policy. If the Opposition did not believe that a cost was involved, they should not have advanced the policy and voted for it, as they did in Committee just a few weeks ago.

Let me return to the real effect of the funding reductions on forces. Humberside's force raises the average 25% of its revenue through precept. If we assume that it chooses to adopt the freeze in council tax next year, its total funding will then fall by £5.5 million, or 2.9% of its total income of some £190 million. That is challenging, but it is not unmanageable. As Opposition Members have pointed out, the reductions in years three and four will be smaller.

[Nick Herbert]

Some forces, and some Members, have argued that the amount that each force raises in precept should be taken into account in the determination of funding reductions. I understand their argument, because forces that raise very little from precept will face a larger cut than those that raise a great deal. After careful consideration, however, I decided that there would be a number of objections to such an adjustment. First, it would be said that we were penalising council tax payers in other areas who already pay far more for their policing services, and who have experienced a big increase in council tax in previous years. That would certainly be unfair. Secondly, by subsidising forces in that way—including large forces with greater capacity—we would be asking others to take a larger cut in central grant than 20%, and that too would have been regarded as unfair. The fair solution, and the one that was expected by forces and authorities, was to treat all forces the same by making equal cuts in grant.

Hazel Blears (Salford and Eccles) (Lab): The Minister appears to have borrowed that very doubtful concept of spending power from his right hon. Friend the Secretary of State for Communities and Local Government, and I am afraid that it is no more reputable in his hands than it was in those of his right hon. Friend. The truth is that there will be a 20% cut in grant, and the truth is that Her Majesty's inspectorate of constabulary has said that a cut of more than 12% will affect police availability. Why does the Minister disagree with HMIC—which has said that a cut of 12% is possible, but that anything beyond that will cut into the front line—and with the chief constable of Greater Manchester, who has said that there will be an effect on front-line policing?

Nick Herbert: There are two answers to that. First, forces on average receive a quarter of their funding from local taxpayers, so it does not make sense to consider only the amount that they receive from central Government. What matters to a force is its total spending power, and it is hardly disreputable to take that into account. Secondly, although I do not disagree with the conclusions of the important report of the inspectorate of constabulary—with which I will deal shortly—I think it possible, as I will explain, to make savings that were beyond the remit of its report.

I am pleased that Opposition Members apparently agree with the policy of the inspectorate of constabulary that forces can save more than £1 billion a year without affecting the front line and while protecting visibility, because that is very important.

Stephen Twigg: I understand the Minister's explanation, which, in a sense, constitutes a fuller response to my earlier point, but may I urge him to reconsider in future years? The main reason for the contrast between the sources of funding for forces in, say, Merseyside and Surrey is the fact that Merseyside has a higher level of social and economic deprivation. In recent years, council tax payers in my constituency have paid more for the police and have not experienced a freeze, but in practice they will experience a much bigger cut than those in Surrey.

Nick Herbert: I said to the hon. Gentleman earlier that we must remain open-minded about the impact in future years, and we will. I think that this is the fairest approach, and it is the approach that I am taking in relation to the cut in central Government funding. Most of the funding that a force receives through the grant will result from the application of a formula that recognises local need. I know that this raises issues, but ultimately I decided that the right approach to the cut in central Government funding was to treat each force fairly. That is why I decided to apply damping at the level of the average cut.

Mr Brian Binley (Northampton South) (Con): May I remind the Minister that Northamptonshire police's grant funding will decrease by 5.1% next year, when it should have decreased by only 0.9%? That is due to the damping formula, under which Northamptonshire police will lose £3.4 million in 2011-12 and a further £3.7 million in 2012-13. They are subsidising forces throughout the country. Will the Minister promise to look at this matter for next year's grant?

Mr Deputy Speaker (Mr Lindsay Hoyle): May we have shorter inventions too, please? Will the hon. Gentleman give me that promise for the future?

Nick Herbert: I have met my hon. Friend and his local chief constable. He knows that I consider this matter very carefully, and he made his points very well on behalf of his constituents. I will discuss damping in a moment, but my hon. Friend's comments reflect the fact that there will always be differences of view in this House between Members whose police forces benefit from damping and who therefore do not wish to see any change in its application, and Members whose forces have, effectively, paid out under damping and who desperately wish there to be a change. It is therefore not possible for the Government to satisfy everybody. We have had to take decisions in the round, and in accordance with what we consider to be the best and fairest way to address the totality of policing in this country.

As I have said, I decided to apply damping at the level of the average cut. As a result, each force will face an equal percentage reduction in core Government funding in 2011-12 and 2012-13, thereby ensuring that no one force will face an unacceptably large reduction in its budget. This mirrors the approach we took in the in-year savings following the emergency Budget and, importantly, it is what police forces were expecting and planning upon.

I appreciate that different forces have different views on this decision, as do hon. Members, and I understand why forces such as the West Midlands and Dorset—and, indeed, Northamptonshire—are keen to see damping phased out or removed entirely, while others such as Cumbria and Cheshire welcome its retention. As I have said, in making decisions such as these I must, of course, think about policing as a whole. I also appreciate the wider case against damping, and there is a strong argument for moving at the right time to a full application of the formula, recognising the policing needs of each area, but doing so now would have created real difficulty. I should also point out that the vast majority of funding that forces receive is allocated according to the formula. Therefore, force level allocations will remain as I announced in December.

Historically, there have been a number of ring-fenced grants to police forces. The Government's general approach has been to remove ring-fencing and to roll funding into the main grant so that forces have greater local flexibility in determining how resources are spent. That has been the case for the rural policing fund. From 2006-07, it had already been amalgamated with four other specific grants to create what is known as rule 2 grant, but we are now rolling that into the police main grant. I want to emphasise, especially to Members representing rural constituencies, that as result of my decision on damping levels the decision on rolling this grant into the main grant means that no force will be worse off.

In some instances, I believe the case for ring-fencing grants remains strong. Outside London, the neighbourhood policing fund will be ring-fenced for the next two years to ensure the continuing funding of police community support officers, who play a valuable role in community policing. When police and crime commissioners are introduced, it will be up to them to make decisions over funding. In London, where the Mayor can already exercise this local determination, the ring fence is being lifted now, but the fund is being maintained at £340 million next year and £338 million the following year. When some Members make their allegations about cuts in front-line policing, they might like to note that that ring-fenced fund has been maintained.

The counter-terrorism specific grant has been relatively protected with a 10% cut in real terms over four years. This is a cut of just 1% in cash terms, and must be seen against a very rapid increase in resource and capital spending—some 49% in the last four years. The Government and the police service are confident that there will be no reduction in police effectiveness in this crucial area, where savings can be made but where well over £500 million will continue to be spent each year.

Keith Vaz (Leicester East) (Lab): The Minister has rightly put the emphasis on the local areas, because it is their budget in the end. Does he not agree, however, that there is a responsibility on the Home Office to show leadership in respect of local forces? That is especially the case for procurement; the Home Office should encourage local forces to collaborate and pool resources in order to procure.

Nick Herbert: I strongly agree with the right hon. Gentleman, who chairs the Select Committee on Home Affairs, and I will address that issue later, as I intend to set out the savings that I believe can be made. The Home Office has a role to play in driving that, and in asking for the leadership of forces to share services and collaborate so that we can realise the considerable savings that are possible in procurement.

I was talking about funding to ensure national security. Similarly, funding for Olympic security has been prioritised. Up to £600 million will remain available if required for the safety and security programme, as originally pledged, although we expect that that should be delivered for rather less, at £475 million.

Steve McCabe (Birmingham, Selly Oak) (Lab): If it transpires that the Minister can pay for Olympic security at the lower figure as he hopes, what will he do with the extra money? Will it be reinvested to make up for some of the police cuts?

Nick Herbert: Well, I think it is important that up until the Olympics the pledged sum remains in place in order to ensure security. Such decisions can be taken afterwards.

The Metropolitan police will continue to receive a national, international and capital city grant, recognising the unique duties they perform. It will be worth £200 million next year, although it will be reduced in subsequent years on the same basis as the police main grant.

The Government's absolute priority is to ensure that the England and Wales police service retains and enhances its ability to protect and serve the public. Understandably, there has been much focus on the impact of the settlement on police numbers. Given the need to reduce public spending, we cannot guarantee the number of police and staff, which had reached record levels—almost 250,000 people—and neither, of course, could the previous Government.

Yasmin Qureshi (Bolton South East) (Lab): The Minister says that the number of police officers will be reduced. Recently, he is supposed to have said that there is no link between the commission of crime and the number of police. Does he still stand by that statement?

Nick Herbert: I did not say that; I said there was no simple link, and there is not.

All parties agree with Her Majesty's inspectorate of constabulary that police forces can make savings of over £1 billion a year while maintaining police availability. However, that will mean smaller police work forces in order to support the £1 billion a year of savings HMIC says can be made, which I do not think the Opposition have understood. That is why I regard it as so unacceptable that the Opposition should campaign on the issue of police numbers when they are committed to cutting spending by over £1 billion a year, which will lead to a reduction in police numbers.

The challenge for the service is to improve efficiency, drive out waste and increase productivity so that front-line policing is prioritised and the service to the public is maintained or improved.

Philip Davies (Shipley) (Con): I agree that the police can save money, and they might start to do so by addressing some of the equality and diversity politically correct drivel on which they waste millions of pounds each year. If the Government were simply cutting the police budget and savings could be found, that would be fine. However, the problem with the Government's argument is that they are doing this against the backdrop of restricting the police's ability to use the DNA database to catch criminals and trying to restrict further the use of CCTV cameras which also help the police catch criminals, and they are releasing people from prison and having fewer criminals in prison. They cannot do all those things with fewer police.

Mr Deputy Speaker (Mr Lindsay Hoyle): As I have already said, we must have much shorter interventions.

Nick Herbert: I always know it is a mistake to take interventions from my hon. Friend, but no doubt it is a mistake I will continue to make. I enjoy his interventions, but I note that, although it seemed to me that Opposition Front-Bench Members were giving lots of nods to what

[Nick Herbert]

he said, they have still not understood the importance of ensuring a proper balance between security and liberty in this country. In spite of everything the new leader of their party has said, they have still not understood that.

There are also areas beyond the HMIC's report—this comes directly to the point made by the right hon. Member for Salford and Eccles (Hazel Blears)—where savings can be made by forces working together. There are 2,000 different IT systems across the 43 police forces, and some 5,000 staff. We estimate that savings of some £330 million could be found through joint procurement of goods, services and IT. The vast bulk of these savings —around a third of a billion pounds or more—will be additional to the savings identified by HMIC.

The time for just talking about IT convergence, collective procurement, collaboration, sharing and outsourcing services is over. We cannot afford not to do these things, and we cannot afford to delay, so, where necessary, the Government will mandate the changes required. That is why I am about to lay regulations before Parliament to require the police service to buy certain IT vehicles, and so on, through specified national framework arrangements.

Keith Vaz: I am most grateful to the Minister for giving way a second time. I welcome very much what he has just said. This issue has been the subject of much discussion in the Home Affairs Committee, driven by its former member, the hon. Member for Cannock Chase (Mr Burley). There is a need for central procurement: a list, a book, a catalogue—not quite like Argos, but something that can be used as a template for various police forces to choose from.

Nick Herbert: I am grateful for the right hon. Gentleman's support and I hope this approach will command support across the whole House, because it does make sense for the 43 forces to procure together where that will make savings; and the savings are quite considerable.

Tom Brake (Carshalton and Wallington) (LD): Pursuing that point, if there is some rationalisation among the 2,000 IT systems, would that not also lead to significantly more effective policing and a reduced risk, for instance, of systems being out of synch and data getting lost between different systems?

Nick Herbert: I agree with my hon. Friend that making these efficiencies and improvements in business processes is about not just saving money, but improving the quality of the service. Those two things are not incompatible, and it is time we stopped talking as though they were.

Robert Halfon: Will my right hon. Friend give way?

Nick Herbert: I want to make a little more progress, if my hon. Friend will forgive me.

The inspectorate's report focuses on reducing police force costs to average levels, but why should forces not be able to go further by matching the performance of the best, rather than merely the average? If forces improve productivity and adjust to the level of spend typical of the more efficient forces, that could add another £350 million to the savings calculated in HMIC's report.

Pay, too, was outside the scope of the report. It accounts for the bulk of total police spending—some £11 billion last year. Any organisation in which the majority of the cost is pay, and which is facing tough times, has to look at its pay bill. The Government have announced a policy for a two-year pay freeze across the public sector. Subject to any recommendations from the police negotiating board and agreement on staff pay, this might save some £350 million. We have asked Tom Winsor to review the remuneration and conditions of service of police officers and staff. The Government have asked the review to make recommendations that are fair to, and reasonable for, both the taxpayer and police officers and staff. I want to emphasise the importance of fairness to police officers, who cannot strike and who often do a difficult and dangerous job on the public's behalf. Tom Winsor's first report is due to be published in February, with the second part due in June. Taken together, we believe there are potential savings of some £2.2 billion a year by 2014-15, which is greater than the real reduction in central grant.

These changes require a fundamental redesign of policing, with far greater collaboration, shared services and the potential use of outsourcing. However, this does not mean a worse service to the public. Savings must be driven in the back and middle-offices of police forces—areas where functions are important, even if invisible to the public, but could be done more efficiently. These functions have grown disproportionately as the money rolled in and bureaucracy predominated. As Peter Fahy, chief constable of Greater Manchester police, told the Home Affairs Committee earlier this month,

"some of our headquarters operations had got too big."

Mark Tami (Alyn and Deeside) (Lab): Does the Minister not accept that there is a danger that if forces cut back such staff—for instance, North Wales police is cutting one in four back-room staff—all that happens is that front-line officers have to be pulled off the beat to do that job?

Nick Herbert: No, I do not accept that at all. The challenge is to ensure that those functions are done more efficiently; it is not simply a question of handing the function to someone else. No one is saying that back and middle-office functions can or should be abolished, but they can become much leaner.

Furthermore, protecting the front-line service does not mean setting it in aspic. Productivity at the front line can be improved, too, so that resources are better deployed in order to maintain or improve the service to the public. For example, West Yorkshire police have significantly reduced the time taken to investigate a crime. Improving the standard of initial investigation, they reduced the average time taken to investigate low-level crime by 85%. Wiltshire police have significantly reduced the time neighbourhood and response officers spend in custody centres, and off the streets, from an average of 27 minutes to an average of 10 minutes. That is worth 3,000 extra hours of street policing.

In Brighton, Sussex police have put in place a dedicated team for secondary investigations, reducing the amount of paperwork that response officers have to complete and allowing them to return quickly to the streets after

answering a call. This saved nearly £1 million, improved response times and sped up the time it takes to complete an investigation.

Surrey police have changed their arrangements in order to co-locate some officers in council buildings, rather than their remaining in little-used police buildings, thereby saving money. That has helped to fund the recruitment of additional constables.

Hazel Blears: The Minister will be aware that the area-based grants that many deprived local authorities have received to date have been used, as with my own council in Salford, to tackle antisocial behaviour in exactly that way—by having co-located teams dealing with the same families. That area-based grant has now been completely abolished—by his right hon. Friend the Secretary of State for Communities and Local Government. If there is any thought of joined-up government, clearly, this is not it.

Nick Herbert: I simply do not accept the right hon. Lady's contention that it is somehow not possible for services to work together because they are receiving less money; that is a strong incentive for them to work together and to save resources.

Robert Halfon: I thank my right hon. Friend for giving way to me for a second time. Given what I said earlier about Essex police collaborating successfully with police forces in the south-east, such as Kent, on payroll services and on procuring helicopters and other vehicles, and given what he said about passing regulation for those who do not collaborate, will he look favourably on forces that are collaborating in future funding formulas?

Nick Herbert: Of course we will continue to look at all these issues, and I welcome the collaboration that has taken place in my hon. Friend's force. HMIC was clear that collaboration has to proceed at a faster pace, and we will look at all the potential incentives to ensure that that is the case.

Mr David Ruffley (Bury St Edmunds) (Con): My right hon. Friend said something terribly important about mandating collaboration, which I have long argued for, particularly through the Policing and Crime Bill in 2009. He talked about collaboration in the context of procurement. What about mandated collaboration in the context of protective services?

Nick Herbert: There is strong potential for forces to collaborate on protective services, and again, we want to see such things happen. We have ensured in the Police Reform and Social Responsibility Bill, which is currently in Committee, that strong duties will be placed on police and crime commissioners to collaborate. It is very important that forces do that. Indeed, in a speech I gave a couple of weeks ago, I said that the age of police fiefdoms is over. There is a need for police forces to work together more effectively. The Government do not believe in forced mergers of police forces, but we cannot have 43 forces doing things all on their own when there are great savings and efficiencies to be made in exactly the sort of area that my hon. Friend represents by working together.

Henry Smith (Crawley) (Con): I am glad that the Minister mentioned some of the collaboration taking place between the Sussex and Surrey forces, and the better working with local authorities, which relates to an earlier point. He will know that from 1 April West Sussex is to have one division, which is a way for police administration to be more efficient, and it also leads to better front-line services.

Nick Herbert: I strongly agree with my hon. Friend. I also gave the example of Surrey, where co-location has proved possible despite the funding reductions that have taken place. It shows that with innovation it is possible to think afresh about how these services are delivered to the public.

The key to the changes that I have outlined is service improvement from the same or less resource. As Derbyshire's chief constable said last month:

"People won't really see much difference in terms of neighbourhood policing, emergency response and uniformed patrols—we'll still have a huge amount of people in the front line."

We must also tackle the bureaucracy, which has tied up police time. It is no use focusing only on police numbers if too much police time is spent on inefficient or unnecessary tasks. Every hour of police time we save by cutting red tape is an hour's more potential time spent on front-line duties. Scrapping the stop form and reducing the stop-and-search form, which officers have to complete, could save up to 800,000 hours of officer time.

I recognise the challenge facing policing. I also appreciate that many in the police work force are worried about their remuneration and indeed their jobs. I certainly do not belittle that concern, but my first priority must be to ensure that the best service is provided to the public within the financial constraints that we all face. Every chief constable I have met has impressed upon me his or her determination to do everything possible to protect front-line services while dealing with the reduction in funding. The Government are determined to work with the police service to ensure that that is the case.

3.22 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): Today the House is being asked to approve a 20% cut in Government funding for the police force in England and Wales. The deputy chief constable of Devon and Somerset, Shaun Sawyer, has said that these are

"the biggest...cuts for a generation".

The deputy chief constable of Cambridgeshire has said that the cuts are "unprecedented" and will have a

"real impact on people's lives and families."

The House is being asked to vote for 20% cuts, a reduction of more than 10,000 police officers, and substantial cuts to police community support officers and critical support staff. The choice for MPs today is whether to back those cuts to the police in their own constituencies or to stand up, defend their communities and tell the Government to think again.

Henry Smith *rose—*

Yvette Cooper: I will give way to the hon. Gentleman if he will tell me whether he is prepared to support the cuts to the police in his constituency.

Henry Smith: May I ask the right hon. Lady whether she supports the Darling deficit reduction plan, which I understand the new shadow Chancellor also supports and which would have seen £9 of every £10 of the Government's proposed cuts to the police service going ahead?

Yvette Cooper: The hon. Gentleman is simply wrong, and I just say to him that he will be voting today to support 500 police officers being cut from the Sussex police force. I wonder whether he will put that on his leaflet when he campaigns at the next election—it will certainly be on ours.

Chief constables across the country are being put in an impossible position. Of course they are working hard to reassure the public, to do everything they can to improve policing, to manage with the budgets that the Minister has given them, and to deliver the best possible service and keep reducing the level of crime, but they are having the rug pulled from beneath them by the crazy scale and pace of these cuts. He can try all the smoke and mirrors he wants—he talks about cash cuts and hypothetical council tax increases—but the facts are very clear: there are to be more than 7% of real cuts in the police grant for next year and more than 8% the following year. The total cut is more than 20% in real terms, which is more than £2 billion, as the Minister has admitted.

What are the consequence of that? They are: 100 fewer police officers in Cumbria; 258 fewer police officers in Cheshire; 256 fewer police officers in South Wales; 114 fewer police officers in the Thames Valley; more than 1,000 fewer officers in the West Midlands; and more than 1,000 fewer police officers in London. The result is more than 10,000 fewer police officers in England and Wales. They are not our figures, but the figures from the chief constables and police authorities across the country. This means 10,000 police officers gone, which is the equivalent of every police officer in Hampshire, Kent and Sussex put together, or every police officer in the entire east midlands. That is the reduction that these areas are having to face and that is just the start.

Mr Aidan Burley (Cannock Chase) (Con) *rose—*

Yvette Cooper: I will give way if the hon. Gentleman can say whether he will be putting the police cuts in his area on his leaflet at the next election.

Mr Burley: The right hon. Lady cited a figure of 10,000 police officers, but can she tell the House how many of them are front-line beat officers?

Yvette Cooper: Perhaps I should ask the hon. Gentleman what he means by the "front-line". He may think that trained police officers can just be got rid off without that having any impact on the communities they serve, but that is not what his constituents think and it is not what the people of Staffordshire will think when 70 police officers are cut as part of the planned cuts that his Government are introducing.

Nick Herbert: The right hon. Lady is committed to cutting police funding by more than £1 billion a year. Is she saying that that can be done without reducing the size of the work force? How many of the 10,000 police officers that she has said are to go are front-line officers?

Yvette Cooper: I will come back to the point that the Minister raises about what Labour's plans would be, because that is important, but first let me address the issue about the front line. The Prime Minister promised to protect the front line and he promised to carpet any Minister putting forward front-line cuts. The Home Secretary said that it is possible for the police to make significant reductions in their budgets "without affecting front-line policing." But officers are being lost from the front line every single day—their number has reduced by 2,000 since the election alone. London is losing 300 sergeants from the safer neighbourhood teams, Birmingham has already lost police from its community teams, and the plans of the Hertfordshire and Bedfordshire forces have already troubled residents. Thanks to budget cuts, those forces have told gun owners that they will not be doing home visits and people can renew their gun licence by phone. The police have said in response:

"Unfortunately in the current climate policing is having 20% removed from its budgets we have to make the best use of that money and we are adopting a risk based approach."

Those police have been put in an impossible position. What is more front line than keeping neighbourhoods safe or preventing gun crime? What is more front line than 10,000 trained police officers?

We have asked the Government what they mean by protecting the front line. In the other place in December, they were asked for their definition of the front-line policing that the Home Secretary said she would protect. It took more than two months for Baroness Neville-Jones to reply:

"There is no formally agreed definition of frontline police services."—[*Official Report, House of Lords,* 8 February 2011; Vol. 725, c. WA50.]

Now we know why they will not protect those services—they do not even know what they are. But crime victims and communities across the country know exactly what front-line services are and they can see that they are under threat every day from this Government.

Nick Herbert *rose—*

Yvette Cooper: If the Minister can define them now, I will give way to him.

Nick Herbert: I am grateful to the right hon. Lady for giving way. If she cannot define front-line services, how does she know that officers are going from the front line? Will she answer the question I asked? As she is committed to cutting police funding by more than £1 billion a year, will she admit that that would mean a smaller police work force?

Yvette Cooper: The Minister has tried to claim that police officer jobs would go under Labour's plans. Let us be clear: our view is that we should be giving the police enough money to protect police officers and police community support officers across the country because we believe they are doing a good job. My right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson), the former Home Secretary, did indeed announce plans for just more than £1 billion to be made in efficiency savings over this Parliament and yes, we have made it clear that we would have cut the police budget in line with those efficiency plans. He set out measures through which that could be done, such as greater collaboration, procurement savings and better management of staff and shifts to save money on

overtime. We agree that the police service should continue to do more of what it has already been doing to improve efficiency. However, the Minister is cutting not £1 billion but £2 billion. Her Majesty's inspectorate of constabulary identified 12% of efficiency savings, not 20%, and it said:

"A cut beyond 12% would almost certainly reduce police availability".

Mr Burley: Will the right hon. Lady give way?

Yvette Cooper: I will give way if the hon. Gentleman will say whether those 70 officers will now be on his leaflet.

Mr Burley: The right hon. Lady mentioned Staffordshire police: perhaps I can explain to her what their front line might be. Staffordshire police have committed to retaining every police officer in their neighbourhood police teams, but they are still cutting 250 back-office staff. Will she join me in congratulating Staffordshire police on keeping all the front-line officers in their neighbourhood police teams?

Yvette Cooper: Staffordshire police, like other police forces across the country, are having to work immensely hard to keep the police working to do everything they possibly can to fight crime while they are faced with massive cuts. Staffordshire police are faced with a 7.5% cut in their budget next year alone, followed by an 8.7% cut the following year. Those steep cuts in the first year will have consequences in relation to the 70 police officers being lost, specialist teams and the work being done across the police force.

The Government are cutting more from police budgets in two years than the former Home Secretary proposed over a Parliament. If the Home Secretary and the Minister think that can all be done through efficiency savings, what do they have to say to the chief constables across the country who are cutting officers? Are they all wrong? Are they all profligate? Are they all inadequate in meeting efficiency challenges? Or is the truth that they are doing their best to manage in the face of very difficult cuts? Is not the truth that the Home Secretary and the Minister have broken with more than a century of Tory tradition? They are not looking for efficiency savings as an alternative to police officer cuts—they think that efficiency savings are the police officer cuts. They think that the best way to improve police productivity is to cut the number of police working across Britain.

Mark Tami: We could probably take the Government more seriously if the Minister had not, when in opposition, attacked Labour for not putting enough money into policing.

Yvette Cooper: My hon. Friend is right about the huge difference between the claims that those on the Government side made before the election and the reality of what they are doing now.

We now have the first Home Secretary and Policing Minister in Tory party history to want fewer police working to fight crime across Britain. The Minister is the first Policing Minister in Tory party history to believe there is no link between the number of police and the level of crime, ignoring the evidence of recent history—the 43% drop in crime in the Labour years alongside the 17,000 extra police and the 16,000 police community support officers.

Mr Jim Cunningham (Coventry South) (Lab): Is my right hon. Friend aware that more than 2,000 police officers will go in the west midlands under the proposals?

Yvette Cooper: My hon. Friend is right: West Midlands police are being heavily affected and are set to lose a large number of police officers. That is already having an effect on communities across the area, with some police officers reporting considerable difficulties as a result of the recruitment freeze that has had to be implemented and the consequences that is having on their ability to go to neighbourhood meetings and to respond to concerns that are raised with them.

Steve McCabe: Is not one of the problems that the West Midlands police suffer from the gearing effect? Although the Minister has given the impression that the cuts were modest—I think he quoted £5 million in Hull—the gearing effect in the West Midlands police means they are losing 17.2% of their total resources. That is nearly £100 million, and they cannot lose that without cutting front-line staff.

Yvette Cooper: The situation in the west midlands is clear. The number of police officers is being cut and that is having an impact on the area.

The latest research on the links between police and crime from Civitas, which the Minister presumably regards as a bastion of left-wing profligacy—he shakes his head to indicate that he disagrees with Civitas—shows that there is a

"strong relationship between the size of police forces and national crime rates".

That report states:

"A nation with a larger proportion of police officers is somewhat more likely to have a lower crime rate. A nation with fewer police is more likely to have a higher crime rate."

More importantly, perhaps, those on the Government Benches are ignoring the public. Today's poll shows that two thirds of people believe that crime will rise as a result of the Home Secretary's cuts. People do not want the cuts to the police that the Government are introducing.

The Minister often resorts to the claim that it is Labour's red tape which is responsible for the fact that only 11%—to quote the figure that he uses—of force strength is visible and available. He fails to point out, in a misrepresentation of the HMIC analysis, that that figure for a 24 hours a day, seven days a week service does not take account of the officers on late shift, night shift or rest day, or of the officers working on serious investigations, counter-terrorism, drugs, cyber crime or child protection.

The right hon. Gentleman should consider for a moment what would happen if his own efficiency were measured in the same way. Let us imagine that the test of Ministers' efficiency was the amount of time in a 24/7 period that they spent speaking in the House of Commons. The amount of time that the Policing Minister spends sleeping, eating and working on knife crime, counter-terrorism or long-term planning would not be counted, as the Government do not count comparable time for the police.

On the basis of the Minister's week in the Chamber for debate and in the Bill Committee—he has been busy—he gets to an average visibility 24/7 of not 11%, which

[Yvette Cooper]

the police manage, but 3.27%, and that includes the radio time that he was forced to do on Sunday. His visibility is not as good as that of the police, but I am sure he has some efficiency plans to share his red boxes across Departments. His boss, the Home Secretary, is at 0%. Where, by the way, is the Home Secretary?

Keith Vaz: I commend my right hon. Friend for her great interest in what the Minister has been doing. It is a fascinating study. I know that she is making a powerful point, but perhaps she could be a little charitable to the Minister. It may be that the Home Office did not envisage the kind of cuts that she has been talking about. Does she agree that Ministers should go back to the Treasury to explain that the effects of the cuts are very severe indeed, and that an additional special grant ought to be given to the Home Office to deal with that?

Yvette Cooper: My right hon. Friend makes an important point. It may well be that Ministers believed the figures they were given by the Treasury and believed that front-line services would not be hit. However, the pace and the scale of the cuts are indeed hitting front-line services. They are having an impact on police forces across the country. Ministers ought to go back to the Treasury to discuss that again.

Hazel Blears: As my right hon. Friend knows, a consultation was launched this week on tackling antisocial behaviour. Whatever the Government do to rename the orders and introduce some kind of cosmetic change, is it not the truth that in order to reduce antisocial behaviour, we need PCSOs and police officers on the front line in our communities, where it matters?

Yvette Cooper: My right hon. Friend is exactly right. She worked to tackle antisocial behaviour over many years and initiated some extremely important work. She is right that all the powers in the world will make no difference if we do not have the police in place to work closely with communities in local areas to implement those powers in practice.

Mark Tami: What is my right hon. Friend's view of the idea that five people should have to phone the police? That sounds a bit like red tape to me. It sounds like bureaucracy that we do not need. How much will that cost?

Yvette Cooper: My hon. Friend raises an interesting point. If four people ring up and then one rings a second time, does that person count as a fifth person? Presumably the Home Office will set out guidance and red tape for local communities and police to follow.

Where is the Home Secretary today? That is an important question, because I understand that she has been sighted in the building. I know that such debates are normally attended by Ministers of State, but normally Home Secretaries do not cut the police grant by 20%. The Secretary of State for Communities and Local Government is coming here to defend his cuts, so why will she not defend hers? Could it be because she knows that she got stitched up in the spending review and so will not defend it? She left the Minister out on his own—a very thin blue line—and will not join the police cuts front line.

The Government are taking a gamble with crime and policing, just as they are taking a gamble with the economy.

Nick Herbert: The right hon. Lady is being generous in giving way, which I thank her for. Will she please answer my question, which I will now ask a third time? Will she admit that the cuts of more than £1 billion in policing to which she has committed could only be achieved by making the police work force smaller?

Yvette Cooper: We have said very clearly that we believe that the police should have the money to protect the number of police officers and police community support officers. Those are the numbers of staff that we believe ought to be protected across the country, in contrast to the cut of 10,000 in police officers. We think that we should have 10,000 more than the number the Minister is now pursuing right across the country. It is wrong for Britain and wrong for communities, and the public know it. No matter how many games he plays with smoke and mirrors, the public know it and want the extra police officers.

We will support those extra 10,000 police officers and would provide the funding to support them, because we think that that is the right thing to do. The Government are taking a gamble with crime and policing, just as they taking a gamble with the economy. They are cutting too far and too fast. They are risking economic growth and jobs and now are risking public safety and the fight against crime. Their Back Benchers should think again.

The Liberal Democrats are voting for a cut of 10,000 police officers, instead of the increase of 3,000 that they promised, and the Conservatives are ripping up hundreds of years of supporting the police in order to cut the front line. I say to Members of both parties that if they vote for these cuts today, they are badly out of touch with what their constituents want and are turning their backs on the fight against crime. Britain was not broken, but the Government are doing their best to break it now. Those Members should join us in telling the Government to go back, think again and come back with a better plan.

3.42 pm

Tom Brake (Carshalton and Wallington) (LD): I have a sense of déjà vu in this debate, partly because we had a dry run of it a few weeks ago, and partly because I heard an excellent opening speech from the Minister during that debate. I am afraid that mine will suffer because other Members may have the same sense of déjà vu when they hear some of my points.

My starting point for the debate is the same as the Minister's, which is that there are some inconvenient facts: we have the worst deficit in the G20 and the largest peacetime deficit since the second world war, and we are spending £120 million a day on the interest alone on our debt. Those are inconvenient facts, but they are givens, or known knowns, as Donald Rumsfeld might say.

Mark Tami: I seem to remember that the Lib Dem manifesto promised 3,000 extra police officers on the streets, so the cut equates to 13,000 fewer than they promised. Does that indicate how we should treat Lib Dem manifestos?

Tom Brake: I thank the hon. Gentleman for his rather predictable intervention, but immediately before it I was explaining—he clearly was not listening—why the Government are having to take these decisions. He and the former Ministers on the Opposition Front Bench must accept responsibility for that.

I listened carefully to the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper), because we expect the Opposition to come forward with some solutions, but during her speech I detected only one sentence in which she referred to the £1 billion of cuts that they would make and said that they would do something about back-office functions and procurement. So that is the Opposition's solution. That is the one sentence that the Opposition's spokesperson provided, stating how they, if in government, would have resolved the problems that we face.

Stephen Twigg: Will the hon. Gentleman not acknowledge that, in that one sentence—I think it was more than one sentence—of my right hon. Friend's speech, she referred specifically to the report of Her Majesty's inspectorate of constabulary? The figure is not one that we have plucked off the top of our heads; it is based on the HMIC's view of the savings that can be made without damaging front-line services.

Tom Brake: I thank the hon. Gentleman for that intervention. Of course he is right, and the Government have based their measures on the HMIC report as well, but people who read and listen to this debate will want to hear exactly what impact HMIC's recommendations, if implemented, will have on, for example, staff numbers, a point to which the official Opposition's spokesperson did not respond. She ducked and dived on that point.

The Opposition can pretend that the £40 billion of cuts that they intended making, including 20% cuts throughout Departments, would have gone unnoticed, would have had no impact on front-line services and would have left police forces throughout the country unscathed, but we know, they know and people outside know that that is completely untrue.

There is no point disguising the fact that the settlement is tough. That is true, and it impacts on police budgets. As the Minister said, in 2011-12 there is a 4% reduction in cash terms. In 2012-13, there is a 5% reduction, but, thanks to the HMIC report and the measures that police forces are already taking throughout the country, much of the reduction can be made through greater efficiency.

Police forces are already delivering many examples of such efficiency. In one local example, Sutton and Merton police forces are looking at sharing a custody suite, and if successful in those two force areas, the idea might be rolled out across the whole Met police force area and in others further afield. That is exactly the sort of measure that police forces and police authorities should pursue.

The Minister quite rightly identified what is possible through IT systems savings and, as I said in an intervention, we can derive not only cash savings from that source, but great improvements in efficiency and the likelihood of resolving cases, as the communications problems between different systems are addressed.

One issue that I raised in the previous debate, and on which I hope the Minister has had time to do some work, is training for senior officers. The HMIC report identifies that there was no commonly held belief that those officers needed a detailed understanding of how to ensure that the efficiency savings—the mergers—took place effectively. The Government, HMIC or others might be able to assist with training to ensure that officers are equipped to take such tough decisions, because there are real differences between forces' proposals.

Some forces are coming forward with a headline figure for the number of officers they are going to cut, while others are coming forward with a range of options—particularly on back-office and procurement—that could identify significant savings without the need to cut staff numbers, which some forces seem to have gone for as the first rather than the last resort.

I want to raise some specific Met issues. The Minister will be aware that the force has not yet taken a decision to cut sergeant numbers by 300; it is considering the idea, but it says it

"will be directed by final analysis and must reflect operational delivery."

I urge the Met to maintain those officer numbers, but if that is not possible, to look at some of the proposals that I mentioned, particularly on sharing back-office functions, joint custody suites and the like to ensure that the number of police officers in the safer neighbourhood teams is maintained at the level at which it is currently set.

Equally, as I said earlier, safer neighbourhood teams may be undertaking tasks that are not their responsibility. I mentioned the example of drive-outs from petrol stations, which are taking up an inordinate amount of time in the case of at least one of my safer neighbourhood teams. After I raised that case, the local force have asked to meet me to discuss it as a wider issue, so it clearly affects not just one safer neighbourhood team but several in the borough. If a large proportion of their time is spent trying to deal with a problem that the petrol companies should be able to resolve technologically, we should look at the issue carefully to try to free up officer time to concentrate on things that really do need police intervention.

Mr Burley: If we want to help the police with their finances, does the hon. Gentleman agree that perhaps now is the time for premiership football clubs to start thinking about making a greater contribution to the costs of policing their football matches instead of all those police being deployed purely at taxpayers' expense?

Tom Brake: I entirely agree. Given the stringent financial circumstances in which the Government are operating, that is exactly the sort of thing that needs to be considered.

The Minister referred to the review of staffing and overtime arrangements. Although I agree that very high levels of overtime are costly, and that needs to be looked at, such overtime often allows the police to undertake special tasks that they could not do otherwise and can do without the need to grow the number of full-time police officers. This requires some flexibility. Simply saying "No more overtime" would severely constrain some of the activities that the police are undertaking and that people clearly welcome and want to happen.

There are clearly many measures that the police can take to cut back to ensure that they are making the right level of efficiency savings. If the police undertake such actions, which are documented in the HMIC report,

[Tom Brake]

and if they look at the best practice that exists in police forces around the country, they can make the savings that they are being required to make without an impact on front-line services.

3.53 pm

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): I am pleased to have the opportunity to speak in this debate.

No Labour Member would argue with the contention that there is always scope for efficiency in public services, including the police service. My right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) spoke about the HMIC report, as did the Minister. Our opposition to what the Government are planning is based on the sheer scale of the cuts to the police service that are set out. My additional argument, on which I will elaborate and on which I intervened on the Minister, is that there is unfairness in the allocation of those cuts as between different police forces around the country.

I should like to comment on the work that Merseyside police are doing. As in the case, I imagine, of most, if not all hon. Members on both sides of the House, crime and antisocial behaviour are consistently the biggest issues that my constituents raise with me on the doorstep, in surveys, in correspondence and at surgeries. In recent years, Merseyside police have faced some very serious challenges. Merseyside is No. 1 of any police force in the country in terms of the number of drug offences. I am therefore very concerned about the impact of cuts that are being made to the UK Border Agency, as well as cuts to local government and voluntary sector services for those with drug addiction.

In other areas, Merseyside has made truly remarkable progress in recent years. In 2005-06, it was the third highest police force in the country for violent crime, with a rate of 25.6 offences per 1,000 population. Thanks to the hard work of the police, including their work with the local community, that rate has halved over the past five years to 13 per 1,000, putting us 22nd in England, which puts it in the lower half of police forces. That is truly remarkable progress. Every indication that I have is that Merseyside police are determined to continue that progress, even in the context of the cuts that we are discussing.

Almost four years ago in what is now my constituency, there was the tragic murder of Rhys Jones. His death provided the context for a greater focus on crime, including violent crime, in Liverpool and across Merseyside. In considering the way forward for Merseyside and the fairness, or rather unfairness, of the proposed cuts, everyone in my constituency is concerned to ensure that never again do we see the tragedy of what happened to young Rhys. The police responded brilliantly and with great professionalism in that case, which resulted in serious convictions by the courts for those who murdered Rhys Jones.

Already in 2010-11, 200 police officer jobs and 80 police staff jobs are being lost in Merseyside. There is a moratorium on further recruitment, which will continue into next year. The police have estimated that by March 2012—in just over a year's time—we will have lost almost 10% of police officer posts in Merseyside. The hon. Member for Carshalton and Wallington (Tom Brake) talked about chief constables making every effort to ensure that losing police officer posts is a last resort. I think I wrote down correctly that he said that some chief constables were treating it as their first resort. I very much doubt that that is the case in any authority. I can say with certainty that it is not the case in Merseyside, where the chief constable, whom I and other Liverpool MPs met in the House a couple of weeks ago, has made every effort to maximise efficiencies and minimise the direct impact on local people through the loss of police officers.

Andrew Gwynne (Denton and Reddish) (Lab): The hon. Member for Carshalton and Wallington (Tom Brake) spoke about inconvenient facts. Last year, the Liberal Democrats in Greater Manchester, and no doubt in Merseyside, went into the election knowing about the deficit and promising more, not fewer, police. Does my hon. Friend agree that the Liberal Democrats have a duty to apologise to our constituents for giving a false impression of what they would do in office?

Stephen Twigg: Absolutely; I concur with my hon. Friend. Of course, that is not the only promise that the Liberal Democrats made to the British people last May that they have broken. They made that promise knowing, as my hon. Friend said, what the Budget position was. It was a deeply irresponsible pledge to make.

Tom Brake: Does the hon. Gentleman not also agree that it would have been appropriate for the Labour Government to announce that the structural deficit was £12 billion higher than they led the public to believe?

Stephen Twigg: The figures were very much in the public domain. To be fair to the Conservative party, it did say that it would prioritise cuts. There is a specific issue about the Liberal Democrats having said one thing in opposition and saying the complete opposite now that they are part of the coalition Government.

Mark Tami: With the Liberal Democrats, the issue is not just about the police. I remember many Opposition days on which the Liberal Democrats argued that we were not spending enough money in a host of areas.

Stephen Twigg: My hon. Friend makes his point powerfully. I will not focus the rest of my speech on Liberal Democrat broken promises, but the case has been very well made.

I intervened on the Minister to raise the question of the fairness of the distribution of the cuts. He set out the consultation process in some detail, and entirely understandably set out that the forces and authorities that would lose out if there were some attempt to protect those that were more reliant on central Government funding had lobbied against that. I appreciate what he said about the nature of the formula and the difficulty of changing it, and clearly the cuts relate to the original formula. Unfortunately, I am not suggesting that that can be changed quickly, but I repeat what I said in my intervention: I hope that the Government will consider the matter as we move forward.

Looking at the estimated police budget figures that the Library has produced, we see that in the forthcoming financial year, 2011-12, Merseyside's estimated police budget, taking into account local revenue raising as well

as central Government funding, will be cut by 5.8% whereas Surrey's cut will be 3.7%. There is every indication that that gap will apply again in the following year and therefore have a cumulative effect.

In Merseyside, there have consistently been increases in the police authority precept over recent years. The local police authority has not thought, "We're getting all this money from central Government, so we can let our council tax payers off and freeze the precept or have only a modest increase." There have been significant increases in the amount contributed by council tax payers in Merseyside to the funding of the police. The basic reality is that on average, people in Merseyside are poorer than people in Surrey. The reason why Merseyside's local police depend more on central Government funding than others is primarily to do with deprivation. That point applies also to other authorities, and when there are cuts on the scale that we are seeing, it is a cause for great concern. To his credit, the Minister undertook earlier to consider the matter again in future. Perhaps I might ask that he meet Merseyside MPs at his early convenience to discuss those concerns.

Nick Herbert *indicated assent.*

Stephen Twigg: The Minister nods, so I am delighted to accept that we can have that meeting.

Clearly, the cuts will have an impact on forces right across the country, but that impact will differ. When there are spending cuts on such a scale, it is incumbent on the Government to consider the unfairness of those different impacts. There is clearly a need for savings in public expenditure on the police, and HMIC has considered the matter in great detail and come up with the quoted figure of 12%. My contention today is, first, that by going so significantly above that figure, the Government will inevitably damage the police service across the country; secondly, that the effects are not fair or consistent but differ for the reasons that I have given; and thirdly, that those effects are compounded by the impact of other cuts in public spending, particularly local government cuts.

Merseyside police receives direct funding from Liverpool and other local authorities for aspects of its work on antisocial behaviour. I hope that the councils will be able to protect that funding, but I am not confident that they will be fully able to do so. On top of the cuts that we are discussing today, Liverpool's police force and others around the country will therefore lose further funding for some of the important partnership work that they do on tackling antisocial behaviour.

I urge the Government to think again, and I urge Home Office Ministers to press the Treasury to give policing and law and order the priority that the Government have given schools and the national health service. Voters—our constituents—would expect us to give the police service that priority, and I hope that in the light of today's debate, the Government will do so.

4.4 pm

Mr Aidan Burley (Cannock Chase) (Con): A big meeting is happening in my constituency today. The Staffordshire police authority is meeting to discuss the proposals for the future of nine police stations across the force area. In "plain speak", at some point in the future, some of those stations could close, including one in Rugeley in the heart of my constituency. Chief Constable Mike Cunningham and the chairman of the police authority, David Pearsall, have stated that Staffordshire police have made no final decision to close any particular station in the county. Crucially, they have also said that they will close no stations unless and until alternative bases have been found within the localities concerned.

That reassessment of resources is doubtless owing in part to the Minister's announcement, and it is worth Government Members remembering that these are not cuts of choice, but cuts to correct overspending by Labour in the boom years, which has left this country with one of the biggest deficits in the world. I did not come into politics to cut police numbers, having worked with the police for many years before becoming a Member of Parliament, but the reality is that when we are spending £120 million every day just to service the interest on our debt, something has to give.

It is also worth remembering that during the election campaign, the then Home Secretary declined to guarantee police numbers or individual police stations. When the right hon. Member for Morley and Outwood (Ed Balls) was shadow Home Secretary, he agreed with Her Majesty's inspectorate of constabulary—an independent body—that £1 billion efficiency savings could be made without hitting the front line. However, I wonder whether he knew how that would have come about. When he came before the Select Committee on Home Affairs, I asked him whether he thought it would be better if the police spent more time on patrol than they spend on paperwork. He responded:

"I think that is a too simplistic question for me to give a sensible answer".

Perhaps in her winding-up speech the new shadow Home Secretary will give us a sensible answer to that short, simple question, which her husband failed to answer.

The changes in police stations in Staffordshire are not just about saving money; they are also about changing shift patterns. Proposals for briefing response teams at fewer locations from April 2011 are currently being considered. That is an independent operational matter designed to improve the briefing process of sergeants, and to improve communications and intelligence sharing. It follows from that operational decision that some of the nine stations under review may become underused. Even if that happens, it would not automatically mean that any of those stations would close.

However, it could mean Staffordshire police beginning to share buildings with partner agencies such as schools, church halls, libraries and shops. In fact, the police already share a base in Stafford with a Territorial Army recruiting base. I have opened an office in a former shop in Cannock town centre with a no-appointments-necessary culture. People can drop into the "MP help zone", as it is known locally, any time from 9 to 5, Monday to Friday, to get help with their problems. Most of my staff—three of the four people whom I employ—work in the help zone rather than down here in Westminster, helping local people who come through the door with their problems. I should like to take this opportunity to pay tribute to their important work.

Other people also use the help zone, including local charities, voluntary groups, schools and—guess what?—the police. The police use it for surgeries with local people, to organise neighbourhood watches and as a general base. Is that not the model for the future, with police in

[Mr Aidan Burley]

existing locations in the community such as shops, supermarkets, MPs' offices, libraries and schools, rather than in underused old police buildings, which are increasingly expensive to run?

The nine stations under review cost £1 million a year to run. How could that money be better spent on the front line—on officers on patrol, or on specialist officers to deal with domestic violence and child protection, rather than simply on bricks and mortar? Why not look to use cheaper, more front-line locations for use by the police as a front-desk base and a home for neighbourhood officers, and release the money for more police on our streets?

I pay tribute to Staffordshire police force, which is one of the most forward-looking forces in this country. As I said earlier, it has committed to retaining all police officers in neighbourhood teams and front-line staff, rather than wedding itself to a public service housing estate. The aim of this Government is to cut bureaucracy, and to enable the police to be crime fighters, not form writers. It is not the size of the work force that counts, but how it is deployed. It is not the number of police stations in Staffordshire that matters, but keeping police embedded in the community, visible and accessible, with bases that do not cost more than they need to. Without more effective deployment, modernisation of shift patterns and improved productivity, the number of local police officers engaged in local policing can still increase, despite cuts overall.

Labour has the brass neck to criticise the police grant settlement announced today, but it was its mishandling of the economy that brought this country to the brink of bankruptcy, so that we are paying £120 million a day to service the interest on our debt. That money is going to foreign investment bankers to pay for their own police services, rather than ours. But we have brought this country back from the brink. If the exam question today is "How do we maintain a visible police presence even while we have to cut police spending?" the answer is that, with barely one 10th of the police available on the streets at any one time, we know that there is room to make them more visible, more available and more effective as crime fighters.

The years of top-down bureaucratic accountability have broken the relationship between the police and the public. The police are not responsive enough to the public, and the public do not trust enough in the police. That is not the police's fault; it is the truth of Labour's legacy. I want to take this opportunity to thank every officer in Staffordshire for everything that they do to keep us safe, day in and day out. This Government supports them, despite the dreadful economic legacy. With our reforms and their hard work and bravery, we will not let Labour's mishandling of the economy put our communities in danger.

4.11 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I am grateful to be called to speak in this important debate, especially as cuts in policing will impact so greatly on my constituents. We heard earlier from my hon. Friend the Member for Liverpool, West Derby (Stephen Twigg) about how Merseyside police force is heavily reliant on funding from central Government, and I shall reiterate some of the important points that he made.

Some 82% of the force's budget comes from the formula grant. Only the City of London, Northumbria and West Midlands forces are more reliant on formula grant funding. Can the Minister explain to the people of Liverpool why the real-terms percentage cut facing Merseyside in the 2011-12 financial year is 5.8%, while Surrey— which receives only 51% of its funding from central Government—is receiving a cut of just 3.7% in real terms?

The Minister for Policing and Criminal Justice said to the *Liverpool Echo* on October 15 last year:

"The priority is...helping police officers working on the front line."

Merseyside police chief constable, Jon Murphy, has said that his force is doing, and will do, everything it can to maintain front-line policing. In fact, since 2004 Merseyside police have made maximising police numbers on the streets a priority. As a result of rigorous efficiency savings, which have been recognised nationally by the Department, and reinvestment in frontline policing, Merseyside police have increased police numbers by hundreds of officers. But we are very concerned that the Government have made no allowances for the extensive efficiency savings already made, before cutting the formula grant so harshly. It will now be impossible to maintain front-line police levels when Merseyside police will see real-terms funding cuts of 7% in 2011-12 and 8.8% in 2012-13.

Merseyside police are having to cut 200 police officers and 80 police staff by March of this year. In addition, a moratorium on police recruitment is continuing until 2012, and this will result in roughly another 200 police officers going in that financial year. That means that Merseyside police will lose close to 10% of its police officers by March 2012. Tough choices have already had to be made, including the closure of the dedicated antisocial behaviour unit.

To substantiate those savage cuts, the Policing Minster has said that there is no simple link between police numbers and crime levels. However, I would like to bring to his attention a number of studies that contradict that. A study of crime rates and police numbers across Europe published on 7 January by the think-tank Civitas—I mention Civitas because it is a think-tank that the Government are normally inclined to listen to—suggests that there is indeed a clear link. Using the most recent data from the "European Sourcebook of Crime and Criminal Justice Statistics", Civitas compared the number of police officers per 100,000 of the population and recorded offences per 100,000 of the population. Civitas said that the data suggest

"an association between police officers per head of population and crimes per head. A nation with a larger proportion of police officers is somewhat more likely to have a lower crime rate. A nation with fewer police is more likely to have a higher crime rate."

However, that is not the only study to suggest such a link.

Tom Brake: Is it not also true, however, that the Civitas report says:

"police numbers and resources are far from the only contributor to police effectiveness"?

Luciana Berger: Having spent a lot of time meeting the Merseyside police authority, I know that the vast proportion of its funding is taken up by staffing costs, which are a massive element. I accept that other factors can contribute to efficiency savings, but when such a high proportion of the funding goes on staffing, there are only so many efficiency savings that can be made. Indeed, a number of other studies have confirmed the link. A study published in *The British Journal of Criminology* in 1999, a 2005 study by the university of Cambridge and, more recently, a study last year by the university of Birmingham all evidenced the link between higher policing levels and lower crime rates. Civitas concluded by saying:

"Members of the public are at greater risk of crime in the coming year."

I know that it is not just academics who are deeply concerned about the effect that the cuts will have, because my constituents have told me that they are, too. I recently conducted a survey in my constituency, and was astounded by the number of responses that I received—more than 800. Some 77% of those respondents told me that they were concerned about the effect that a reduction in police numbers would have on the policing of their neighbourhoods. The Minister might not see a simple link between the cuts and people's safety in their communities, but I do, and most importantly, so do my constituents. It is time the Minister came clean and admitted what we all know: that these reckless cuts will take police off our streets and make our communities less safe. I urge him to think again.

4.17 pm

Mr David Ruffley (Bury St Edmunds) (Con): It is worth reminding ourselves and the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper)—after her, if I may say so, commendably feisty speech—that public spending constraint in this country is inevitable, because of record debt and record peacetime borrowing. The police services of this country cannot be exempt from the tough decisions that the Government make. Frankly, a Government who did not make those decisions would not be worthy of the name.

The police grant report before us shows that central Government funding for policing will fall by 20% in real terms by 2014-15. If the precept rises that are forecast in the Office for Budget Responsibility report to 2014-15 take effect—we have no reason to think that they will not—the real-terms cut will be 14%. In considering those stark figures, we should also have regard to two statistics. The first is that there was a 5% increase in police numbers between 2004 and 2009. In 2004, when there were 5% fewer police officers, I do not recall the world or the ceiling caving in.

We also know that police services in this country since 1997 have been incredibly well resourced. I must pay a debt of honour to the hon. Member for Gedling (Vernon Coaker), who was my opposite number when I was the shadow Policing Minister. He was part of a Labour Home Office that invested in the police service over the years, and from 1997 there was a 20% real-terms increase in policing. I do not recall our ever voting against those measures on police grants. So let us recall that a huge amount of money has been put into the police service in recent times.

I should like to place on record what the Suffolk police authority is receiving this year, compared with previous years. The Home Office principal formula police grant in 2008-09 was £40.2 million. In 2009-10, it was £41.5 million. The figure for 2010-11 is £42.8 million, and for 2011-12, the first year of this grant settlement, it is £45.9 million. It is forecast to fall in 2012-13 to £42.8 million for the county of Suffolk. The total formula grant, which includes moneys from the Department for Communities and Local Government settlement, was £69.2 million in 2008-09, rising to £71 million in 2009-10, to £72.7 million in 2010-11 and to £73.2 million in 2011-12. The total formula grant for policing in the county of Suffolk will fall to £68.3 million in 2012-13.

I will meet the chief constable of Suffolk, Simon Ash, shortly to discuss how those numbers will impact on policing on the ground. Here, today, we need to ask ourselves what Ministers are going to be able to do to ensure that these funding constraints do not undermine crime prevention and detection. In short, how will law-abiding citizens be kept safe from crime and from the fear of crime? The answer must be that the police will have to do more with less, and there should be scope for that.

Again, I pay tribute to the previous Labour Government to the extent that they managed to increase the number of police posts to 147,000—a record in this country's history. Sadly, however, they did not ensure that those officers spent more time on patrol. I will not repeat the statistic from Her Majesty's inspectorate of constabulary that the right hon. Member for Normanton, Pontefract and Castleford used earlier. Instead, I will use one that the hon. Member for Gedling gave me when I was shadowing him. He told me that patrol officers themselves—not all police officers, and not CID—spent an average of 14% of their time on patrol. That was the statistic at the time of the last general election. Most of my constituents would find that not only utterly unbelievable but utterly unacceptable.

I am not going to lay the blame for that on the previous Labour Administration. The problem of police bureaucracy has been going on for a lot longer than that. This bureaucratic mindset is certainly not the fault of police officers, who, in my experience, especially of Suffolk constabulary, are professionals dedicated to protecting the public from harm. It is the fault of the many-headed hydra of bureaucracy, with its so-called police "doctrine", paperwork, process and systems, that has been building up over decades. It embeds a risk-averse culture, and it stifles any can-do approach in policing.

Bureaucracy is wasting police time. I contend that, if we are to ask the police to do more with less, we have to take an axe to the bureaucracy and mean it. Unfortunately, under successive Governments of both political stripes, Ministers have too often reached for the political rhetoric of "a bonfire of regulations" and so forth. Rarely has that rhetoric been followed up with tough ministerial action to repeal unnecessary secondary legislation and unnecessary primary legislation to allow the police to get on with the job.

If we are to ask the police to do more with less, it seems incumbent on the Government of the day to reduce the burden on ordinary, hard-working police constables—an issue that has implications for the police officer numbers debate. Commenting recently on the spending reductions that were in prospect under the previous

[Mr David Ruffley]

Government as much as they are under the present one, Chief Superintendent Steve Hartley of the Bolton force in Lancashire said:

"We have got to be clear—success isn't just founded on numbers. It's how we use people. This is not just about cuts. It's about how we get our officers in the right places at the right time for the right reasons."

As my hon. Friend the Member for Cannock Chase (Mr Burley) suggested, counting the number of police officers in uniform is not a realistic measure, in the current climate, of what constitutes good and effective law and order, or good and effective policing. Surely, as a matter of logic—I have a great deal of respect for the right hon. Member for Normanton, Pontefract and Castleford, who is an extremely bright parliamentarian and understands numbers—it is not beyond the wit of man or all of us in the House to understand that what counts is the number of visible police hours delivered by a constabulary, not just the uniformed officers it has. If one hour out of every seven of a patrol officer's time is spent on patrol, surely we can agree that, in principle, that one hour could be increased to two, three or even four hours if we cut the bureaucracy on the police.

The role of Ministers comes into play here. That bureaucracy cannot be cut by the Police Federation or by the Association of Chief Police Officers, and it certainly cannot be cut by the police constable on the street. It has to come from the top. Bureaucracy reduction must come, in the first instance, from Policing Ministers.

Since the general election, I have heard that 800,000 police hours have been saved by the current Government as a result of the abolition of the stop and account form and the streamlining of stop-and-search procedures. That is a paltry amount if we realise that there are more than 147,000 police officers—we have got to do better than that. I would be grateful if the Minister for Policing and Criminal Justice set my mind at rest on this point in his concluding speech.

Two reports by Jan Berry were commissioned by the previous Labour Government—quite sensibly, as she is a well-respected and intelligent former chair of the Police Federation, which had representation on her working body, as did ACPO, members of the public, clever civil servants and others. The task was to produce a list of measures to reduce bureaucracy and red tape on our hard-working, front-line police officers. I would like to rattle through some of the bigger ticket items that struck me as important, on which I believe we should take action. I am citing from the list of conclusions in the final report produced by her reducing bureaucracy taskforce, which said:

"Consider evaluation of the Modernising Charging Pilots with a view to rolling out improved arrangements where charging decisions are taken by the appropriate person according to the complexity and seriousness of offence."

My right hon. Friend the Minister has done some work on that, as indeed have I. The idea was that we should look again at the statutory charging regime that the previous Government introduced in 2004, and establish whether a charging sergeant could charge people with more offences in the "triable either way" category without the need for an automatic reference to the Crown Prosecution Service beforehand.

It is a thorny issue. We can see the logic behind the introduction of statutory charging—it was intended to reduce the number of cracked trials and discontinuances, which were extremely expensive for the Courts Service and for Government generally—but there is a definite sense that it has reduced the rapidity with which charging sergeants in custody suites can charge someone who is pretty likely to plead guilty, having been caught red-handed. We do not need sergeants in custody suites hanging around waiting for the CPS. All too few police stations have a CPS lawyer on site to give a quick and simple instruction or approval to the sergeant in question; most do not benefit from that luxury.

The second suggestion by Jan Berry's team that struck me, because I have some experience of it as well, was that we should remove the requirement to complete disclosure schedules—which must be written out laboriously by uniformed officers because that is what is provided by the relevant primary legislation, although we all know that they must be checked by the CPS eventually in any case—prior to first hearing in the magistrates court. It was also suggested that we should consider shifting the trigger point for more serious offences in the Crown court to the point at which a not guilty plea is entered.

Another hardy annual is, of course, the Regulation of Investigatory Powers Act 2000—"the grim RIPA", as it is sometimes called—and the way in which it is applied to relatively routine direct surveillance operations. For instance, a police constable may wish to carry out surveillance of a supermarket car park because he has reasonable grounds for believing that a great deal of breaking and entering is taking place. Some police forces, amazingly—although not all—interpret the RIPA guidance and the statutory codes as meaning that a constable must obtain a RIPA written authorisation from his superiors, which can be extremely time-consuming, before he can go to the car park and hide behind a wall to see whether any villains are going to start breaking into cars. We must do something about that kind of ridiculous approach to applying RIPA and observing the statutory codes. One option would be to rewrite the codes. The hon. Member for Gedling said that he was interested in that option. I hope that my right hon. Friend the Minister can confirm that action is being taken in regard to RIPA and similar procedures.

Let us talk about this. Let us tell the police officers on the ground what we are doing for them: what the House of Commons is doing to cut the nonsensical amount of bureaucracy under which they labour. They have had enough, the public have had enough, I have had enough, and I am sure that the Minister has had enough—not of what I am saying, but of the ridiculous, endless use of rhetoric and the absence of action. Let us see the Home Office get a grip.

The next issue that I want to raise has been discussed with me by the esteemed Chair of the Home Affairs Committee, the right hon. Member for Leicester East (Keith Vaz). At the beginning of 2009, there were four pilot schemes in Leicestershire, the west midlands, Staffordshire and Surrey. I do not want to be too "anoraky" about the subject, but the gist of the objective was to slim down the crime and incident recording part of the duty of a police officer who arrests someone for, say, shoplifting in a store. Could not the information simply be written on a side of A4, or the equivalent on a

hand-held device? It would be useful to know whether those pilots have been rolled out to every single police force in the country; and, if not, what powers does the Minister have to ensure that that is done? On many occasions, I have been wearily told that this is a matter for chief constables. The time has come for a bit of centralisation that works, in order to ensure that police forces adopt sensible common-sense procedures to reduce bureaucracy.

One key element of reducing bureaucracy and saving police time—so that officers can spend more time on patrol, apart from anything else—is getting rid of the double or treble keying of information. That is the phenomenon by which sometimes a single piece of information, such as a suspect's address, name or date of birth, has to be keyed into different forms even if they are online because of the incompatibility of certain IT systems. It is all very easy to say, "Well, let's just get better IT," but the fact is that this is a very difficult and complicated issue. There are also huge resource implications in junking legacy systems, and although having one national computer system might speed things up in theory, it is not really an idea of this world. I would be grateful if the Minister gave a short answer to the question of what we are doing about having a national set of police forms available on one IT platform.

Reducing bureaucracy is the most important thing this House and Government can do to ensure the money set out in this grant goes further and is spent in a smarter way. But there is another area that should also be addressed: the general efficiency agenda, which my right hon. Friend the Minister spoke about so compellingly and, I know, from a deep well of knowledge. I just want to strike a note of caution. Having worked in the Treasury under my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) and having also done the policing job as a shadow Minister in the previous Parliament, I got rather tired of the alphabet soup of consultants from PWC, KPMG and Deloitte who would regularly—and for huge sums of money, so far as I could work out—pile into a constabulary, do a report stating the mind-numbingly obvious about how the police could speed things up, and then promptly decamp. The police might follow the recommended procedures for a year or two, but the lessons they had been taught by these highly paid consultants were often forgotten, and even if not forgotten were not able to deliver the serious efficiency gains of the magnitude my right hon. Friend the Minister is talking about in the context of this settlement. We need smarter procurement, shared back-office services and, most importantly, mandated collaboration.

In concluding, I want to ask the Minister two final questions that are key to those of us who want this police grant to represent value for money so we get the most bang for our buck. First, I echo a point made by my hon. Friend the Member for Harlow (Robert Halfon) about police authorities and chief constables needing to do the right thing by getting on with collaborating to save money and to squeeze efficiencies out of their budgets. In my experience—and history tells us this, too—the likelihood is that they are not going to do that if left to do so on an ad hoc basis. Therefore, when the Minister starts mandating, will he also consider imposing financial penalties on police authorities that do not mandate and do not deliver police efficiencies?

My final and most important plea is this: if we are to be taken seriously as a Government who are keen to achieve our goals, for public interest reasons and because we want the police to spend more time on patrol and less time behind their desks, we have to show that we are serious about tackling bureaucracy. Will the Minister undertake to produce an annual report to Parliament setting out the procedures, forms and processes he has abolished with an estimate by each item of the number of police hours saved as a result of those cuts in bureaucracy? I hope that my right hon. Friend will take the opportunity to use mandated collaboration and attach penalties to it, and to make a report to Parliament telling us how many police hours he has saved each year he has been the Minister, and I hope he is the Minister for a very long time.

4.40 pm

Keith Vaz (Leicester East) (Lab): It is always a pleasure to follow the hon. Member for Bury St Edmunds (Mr Ruffley), and given the risk of having the hon. Member for Lichfield (Michael Fabricant) make throat-cutting signs at me, as well, I will try to be as brief as possible; we started off talking about police cuts, but I think we will soon have cuts to this debate. We have heard excellent speeches and I am sure that the House, eager to get on to the next business, will not want me to detain it for too long on this subject.

This is a very important subject, however, and I want to pay tribute to the hon. Member for Bury St Edmunds, who made a thoughtful and eloquent speech. It was right for him to praise the work of the previous Government, in particular my hon. Friend the Member for Gedling (Vernon Coaker), and the fact that there was such investment in the police service. He was right to praise them for the amount of money they spent, which has resulted, of course, as he then told us, in the economic problem that is affecting the country, and the need, in this Government's view, to try to cut that expenditure.

What was important about the speech of the hon. Member for Bury St Edmunds is that he concentrated on the bread-and-butter issues that sometimes elude us when we discuss these matters in the House. Front-Benchers are rightly concerned about numbers; indeed, the police grant debate is getting very much like a debate on immigration, in which Front-Benchers rightly concentrate on numbers. However, to the public, the real issue is, how does this affect them in their constituencies? How does it affect the local police force? Are they going to get less of a service than they had before the suggested changes?

The hon. Member for Cannock Chase (Mr Burley), whom we in the Home Affairs Committee greatly miss, has his own version of dealing with these cuts. He has set up a help zone, so if anyone needs a policeman, they do not necessarily have to go to the local police station; they can visit the hon. Gentleman's staff. I am glad he paid tribute to his staff, because the number of calls they get will probably increase as a result of his contribution today.

Chief constables have rightly taken up the challenge set by this Government, and their tone has changed enormously since the proposals were announced. Certainly, the tone of the chief constable of Manchester, in his

[Keith Vaz]

latest press release of 9 February, is quite different from the one he adopted before, when he lamented the number of police officers who would be taken off his payroll. Now he is saying that he welcomes the need for collaboration; indeed, I think he said in the final sentence of his press release that he was "upbeat" about the cuts. Of course, that contrasts with what he has said before, and certainly contrasts with the quotes given to this House by my right hon. Friend the Member for Salford and Eccles (Hazel Blears), who has quoted other chief constables who are very concerned. I am not sure whether it is because one chief constable is starting off their career and another is ending theirs; but the fact is that they are in a very difficult position.

The Minister is going to have to accept that, during his term as Minister for Policing and Criminal Justice—the Select Committee has always found him extremely helpful and courteous in providing us with information—there are going to be fewer police officers. It is difficult for him to say that, and certainly difficult for someone like me, who, in debates such as this in 23 years in this House, has always expected Conservative Ministers and shadow Ministers—and, indeed, Liberal Democrats—to ask for more police officers, rather than fewer. However, fewer officers is the inevitable consequence, and whether the figure is the 10,000 talked about by my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper), the smaller figure mentioned by the Government—we do not have a precise figure from them—or the 20,000 referred to by the Police Federation, the fact is there will be fewer police officers.

This is, therefore, a big challenge, which is why I welcome what the Minister said about procurement.

Mr Alan Campbell (Tynemouth) (Lab): Will my right hon. Friend give way?

Keith Vaz: Of course. Unless it is to tell me that I have to stop, I will certainly give way to my hon. Friend.

Mr Campbell: As if I would. My right hon. Friend talks about the work of his Committee. The Minister said that although the damping mechanism was applied this time, it may not be in the future, at a cost of a further £30 million of cuts to Northumbria police. Will my right hon. Friend undertake to seek to work very closely with the Government should those changes to that formula and mechanism ever come to fruition?

Keith Vaz: The Select Committee is always keen to work with the Government. I do not wish to prejudge the report on police finances that we will be publishing in a fortnight's time. The Minister gave good evidence to the Committee, providing some interesting figures, and the House will have to wait for that report to see what members of the Committee have had to say.

The Minister is right to focus on procurement. He is also right to say that 80% of the budget relates to staffing, but that does not mean that we should not examine the issue of procurement. The hon. Member for Harlow (Robert Halfon), who is not in his place, talked about this issue, and Essex and Kent police, along with other police authorities, are working together. One of the real questions for the previous Government is why we had 13 years of record expenditure but perhaps not the challenges that ought to have been made by Ministers about how the money was spent—that is not a criticism of my hon. Friend the Member for Gedling. I am not saying that the money was misspent, but it is important to examine what happened to that expenditure.

The hon. Member for Bury St Edmunds discussed bureaucracy. I think that he will find agreement on that issue across the whole House but, as he said, we tend to talk about these things but what really matters is implementation. That brings me to my third and penultimate point, which relates to the new landscape of policing. I say to the Minister that we do not yet have a narrative on crime and crime reduction from this Government. We have had some ambitious plans. The Select Committee has never worked so hard to keep up with the number of changes that the Government are envisaging, first with the police and crime commissioners, then with changes on police financing and then on the new landscape of policing. However, we needed to have some kind of a template before we embarked on those major changes.

We know that the Government want to abolish the Serious Organised Crime Agency and that the National Policing Improvement Agency is going to go, but it should have been up to the NPIA to give leadership to local police forces on procurement. What is going to happen now? It seems that individual forces will be charged for access to the databases of the new national crime agency. What worries me about the budget is that that has not been factored in. It is vital that we know what extra charges will fall on local police forces as a result of the creation of the national crime agency.

My final point is that whatever budgets a local police authority puts in place, a police and crime commissioner will be elected. As the House knows, the previous Government changed their position on the election of members of police authorities. Now that the Government have decided that this is what they want to do, people should allow police and crime commissioners the opportunity to manage the local police force. However, they will be inheriting a budget that has been set by a previous police authority, and the demands from the newly elected police and crime commissioners for more police officers will be much more important to the Government than even the demands from Labour Members.

So there is still much work to be done on the landscape of policing and I do not think we can accept the current situation as being the end. Many right hon. and hon. Members, including some from Liverpool and Staffordshire, and the hon. Members for Carshalton and Wallington (Tom Brake) and for Bury St Edmunds, have pointed out that there will be fewer officers, and that does mean a reduction in service. How local police forces deal with that depends on the leadership of Ministers, which I hope will be forthcoming.

4.49 pm

Nick Herbert: With the leave of the House, I shall respond briefly to the points that hon. Members have made. First, I have listened to the points made by the hon. Members for Liverpool, Wavertree (Luciana Berger)

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and for Liverpool, West Derby (Stephen Twigg) and I understand the implications for forces that raise less money from local council tax payers. I have explained why the decision we took was fair, I have said that we will continue to discuss these issues and the impacts on forces, and I am happy to have a meeting.

I always pay attention to the views of the right hon. Member for Leicester East (Keith Vaz), who chairs the Select Committee on Home Affairs. I believe we have set out in clear terms how the police landscape must change, but his remarks will no doubt move me to make a further speech on the issue, a copy of which I will of course send to him, to clarify the position. I draw his and the House's attention to the speech I gave to the City Forum two weeks ago when I set out in terms how the savings that we need to achieve could be made.

I commend the speeches of my hon. Friends, particularly that of my hon. Friend the Member for Bury St Edmunds (Mr Ruffley), who admonished the House about the drive to reduce bureaucracy. I took every word he said seriously. The Government will say more about this and we are driving this issue, as is the leadership of the police service. We have made progress but there is more to do. I shall write to my hon. Friend regarding his additional points about how we should secure the very important reductions in the bureaucratic burden on the police.

I particularly welcomed the speeches of my hon. Friends the Members for Cannock Chase (Mr Burley) and for Carshalton and Wallington (Tom Brake), who has had to leave the Chamber. They focused on how resources are deployed rather than just on the amount of money.

Both sides, including the Opposition, admit that police funding has to be cut, so both sides must recognise that that must mean the overall police work force will fall. What is totally disreputable about the Opposition's attack is that they would cut funding and they know that that would mean a smaller work force, but they still mounted that political attack. The public will see through it. In dismissing the finding in the HMIC report that police availability and visibility is too low, the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) shows that she is new to the job and has homework to do. The report says:

"The fact is that general availability, in which we include neighbourhood policing and response, is relatively low."

She should pay attention to the inspectorate's recommendations rather than dismissing them so lightly after just a few weeks in her job.

Yvette Cooper: Will the Minister withdraw his claim that the 11% figure was entirely due to Labour's red tape, as opposed to the fact that some police officers are on night shift or late shift and that some of them are doing work on the drugs force, organised crime and a whole series of other things that are not included in that 11%?

Nick Herbert: The right hon. Lady should start quoting people accurately. I made no such claim. Let me read the second part of what the inspectorate said in the same paragraph:

"Several factors have combined to produce this 'thin blue line' of which shift patterns, risk management, bureaucracy and specialisation are the most significant."

Visibility and availability are too low, they can be improved and she is foolish to dismiss that report.

Yvette Cooper: On that point, will the Minister look again at the answer he gave to my hon. Friend the Member for Gedling (Vernon Coaker), in which he said the figure was because of Labour's red tape, and will he withdraw it?

Nick Herbert: It is, in part, because of Labour's red tape that visibility is too low. The right hon. Lady should understand that and should not dismiss the inspectorate's report. The situation could be improved by dealing with all these issues.

The Opposition are in an untenable position, because they would cut police funding and they know that that would mean a smaller police work force.

Question put,

The House divided: Ayes 302, Noes 216.

Division No. 197] **[4.54 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Dunne, Mr Philip
Ellis, Michael
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark

Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Huhne, rh Chris
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Pawsey, Mark
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Swales, Ian
Swinson, Jo
Syms, Mr Robert
Tapsell, Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mark Hunter and
Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Davies, Philip
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Engel, Natascha
Evans, Chris

Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Fiello, Robert
Flint, rh Caroline
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glindon, Mrs Mary
Goggins, rh Paul
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Healey, rh John
Hepburn, Mr Stephen
Hermon, Lady
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Love, Mr Andrew
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Wailey, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Phil Wilson and
Mark Hendrick

Question accordingly agreed to.

Resolved,

That the Police Grant Report (England and Wales) for 2011-12 (House of Commons Paper No. 771), which was laid before this House on 31 January, be approved.

Local Government Finance

5.8 pm

The Secretary of State for Communities and Local Government (Mr Eric Pickles): I beg to move,

That the Local Government Finance Report (England) 2011-12 (House of Commons Paper No. 748), which was laid before this House on 31 January, be approved.

Mr Deputy Speaker (Mr Nigel Evans): With this we shall discuss the following motion:

That the Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2011-12 (House of Commons Paper No. 774), which was laid before this House on 31 January, be approved.

Mr Pickles: Over recent weeks, my coalition colleagues and I have had many conversations with local government. We have spoken to individual authorities, the Local Government Association, London Councils and other representatives, and let me say how much I respect the mature and responsible attitude that all have taken throughout those discussions. They know that we are sailing in choppy economic waters, and that cutting Labour's massive budget deficit is the responsible and the right thing to do—and many have planned ahead.

Only the most blinkered could have failed to see tough times coming. The House will recall that the right hon. Member for Edinburgh South West (Mr Darling) said in March 2010 that if Labour were to remain in power we would see spending cuts "deeper and tougher" than those of the 1980s—I suppose that that is one Labour pledge we are able to deliver—so let us not pretend that anyone thought that we could spend, spend, spend indefinitely.

Tony Lloyd (Manchester Central) (Lab): Even if the Secretary of State sets the context in terms of a cuts agenda for local government, why have this Government chosen to hit most harshly local authorities such as my own, the fourth most deprived in the country, while not inflicting the same level of cuts on authorities that are politically from a coalition background and socially in a much more advantaged position?

Mr Pickles: If the hon. Gentleman will forgive me, I will come to that point in a moment. If I do not satisfy him, I will happily give way to him again.

Thanks to Labour, the nation's credit card is maxed out. The longer we leave it before we start to pay it off, the worse it will be and the more we will have to pay. Unless we tackle Labour's borrowing, interest—just the interest—on its toxic legacy of debt will hit £70 billion a year by 2014-15. That is more than we currently raise from council tax, business tax, stamp duty and inheritance tax combined.

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): The Secretary of State mentions the business rate. Could he tell the House how much, in billions, the Treasury contribution will be in the coming year over and above the yield from the business rate, which has to be redistributed to local government in any case?

Mr Pickles: Last time we discussed this, the hon. Gentleman made some interesting suggestions about the level of the business rate with regard to the surplus. I am happy to confirm to him what I said last time: that the process of distribution from the Government is based largely on the uniform business rate, and any surplus—*[Interruption.]* The hon. Gentleman needs to understand that the settlement is made within a defined period and that business rate income goes up and down. The Treasury puts money in and takes money out according to the buoyancy of the business rate. The hon. Gentleman is a distinguished Member of the House who is very familiar with these matters, and he should know these things.

Ian Austin (Dudley North) (Lab): He is right honourable, and he knows a lot more about it than you.

Mr Pickles: The hon. Gentleman is quite right to correct me; I beg the right hon. Gentleman's pardon. He is indeed a very distinguished gentleman, and of course he knows a lot more than a lot of people in this House, including, I suspect, the hon. Gentleman. [HON. MEMBERS: "Hear, hear!"] It is obvious from my hon. Friends' reaction that I do not need to put that to a vote.

Ian Austin *rose—*

Mr Pickles: I will give way in a few moments.

The phasing of the settlement will be challenging. Councils can choose how they respond. Some have chosen to wring their hands and say that it is all too hard, or to play politics with front-line services. Others have chosen to step up and to protect vital local services, reducing every trace of waste, protecting the most vulnerable and reforming services to deliver better results for less.

James Morris (Halesowen and Rowley Regis) (Con) *rose—*

Hazel Blears (Salford and Eccles) (Lab) *rose—*

Ian Austin: Will the Secretary of State give way?

Mr Pickles: The hon. Gentleman must pay more attention. When I say that I will give way in a few moments, that is exactly what I mean, but there is a queue, and he is a little way behind.

Hammersmith and Fulham, Kensington and Chelsea and Westminster councils are merging their back offices to save £35 million. West Norfolk is freezing council tax and car park charges, as well as councillors' allowances. Reading borough council has decided not to cut but to increase funding for voluntary groups. We have heard today that Ribble Valley borough council has also decided to protect voluntary groups and not to cut front-line services.

I am grateful that many councils have brought the same constructive attitude to discussions about the funding settlement. They have helped us to put the finishing touches to a settlement that is sustainable, fair and progressive. We have focused resources on the most vulnerable communities. We have given more importance to the levels of need within each council. We have grouped councils in four bands. The most dependent on Government funding are seeing proportionately lower falls in grant. The more deprived places will receive far more funding per head than the better-off places. For

example, Hackney will receive £1,043 per head and Wokingham will receive just £125 per head. These changes have made the system fairer and more progressive than ever.

Hazel Blears: The Secretary of State knows that I have raised the issue of business rates in this House on a number of occasions. To pursue the point made by my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett), the Office for Budget Responsibility has forecast that the business rate take will be £24.9 billion for 2010-11 and £26 billion for 2011-12. The Secretary of State has distributed £3.5 billion less in 2010-11 and will distribute £7 billion less in 2011-12. Is he saying that the OBR forecasts are out of sync by £3.5 billion and £7 billion? Surely the rising trend in business rates means that there is more money in the pot. If he distributed more money, we would not have to have the cuts that we face.

Mr Pickles: I am most grateful to the right hon. Lady. What she needs to understand is that two figures have been suggested—one by the Office for Budget Responsibility. Following those figures, we decided to move some things from ring-fenced grants into the general grant. That accounts for the difference between the two sizes. With regard to the level of potential surplus, there is a possible notional surplus in 2013 and 2014. As I explained to the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett), what happens is that within the total sum available for grant, if there is a surplus, all is redistributed. However, as happened under the right hon. Lady's Government and under previous Governments, the amount in the revenue support grant is reduced on a compensatory basis, because the level of the total settlement is fixed. There is no difference; it is just a different way of calculating.

Ian Austin *rose—*

Mr Pickles: How can I turn down the hon. Gentleman? He has been up and down like Tigger.

Ian Austin: I am very grateful to the Secretary of State. Nobody disputes that savings have to be made by local authorities. *[Interruption.]* Well, nobody does. The Government cannot have it both ways. On the one hand, they say that we were planning cuts slightly smaller than those that they are imposing, and on the other they say that we were not planning any cuts at all. I am not sure what their argument is.

On the sorts of cuts that local authorities are making, is the Secretary of State aware that the axe hangs over Dudley's benefits shop, which is helping people who have been made redundant during the recession and hard-pressed home owners who face the risk of repossession to sort out their finances? It seems an utterly ludicrous decision when it costs £300,000 a year to run and brings £2 million into the local economy, of which £1.5 million is spent on supporting local businesses. In the light of what he said about local authorities making inappropriate cuts that target the most vulnerable, will he join me in pleading with Dudley council not to close the benefits advice shop?

Mr Pickles: I feel a certain degree of camaraderie and fraternal friendship with the hon. Gentleman, because unlike his party's Front Benchers, he has said that Labour's cuts would have been just slightly less than those that we are presenting. I think that is probably true, but the challenge facing local government means that just a couple of million quid would not make all the difference. There are very challenging circumstances.

Joan Walley (Stoke-on-Trent North) (Lab): Will the Secretary of State give way?

Mr Pickles: In a moment—I need to respond to the hon. Member for Dudley North (Ian Austin) first.

Let us consider a number of local authorities. Some have been talking about thousands of redundancies. I do not want to appear partisan, but Sheffield is talking about 250. Sunderland, a Labour council, is not planning percentage cuts in its Supporting People provision. Walsall is not planning to make an overall cut in its voluntary sector funding. It is possible to deal with the situation.

Joan Walley: Will the Secretary of State give way?

Mr Pickles: In a moment.

The hon. Member for Dudley North has to understand that these are local decisions. We have ensured that there are sufficient funds to protect the vulnerable, but ultimately local councils have to make local decisions.

Charlie Elphicke (Dover) (Con): Does the Secretary of State agree that we are hearing a confused argument from the Opposition, but that it seems to involve a spending commitment of about £7 billion? That money would surely have to be made up through about 2p on income tax, would it not?

Mr Pickles: My hon. Friend is of course perfectly right. The Opposition seem to think that it is magic money, but it would actually come out of people's pockets through business rates or income tax. The reason why we are in this position is that the guilty people on the Labour Benches allowed things to get out of hand.

Mr Mark Field (Cities of London and Westminster) (Con): Will my right hon. Friend go into some detail for the benefit of the House about his commitment to the vulnerable through the transition grant allocations? I have had a cursory look at them, and they seem reasonably generous and seem to take account of the need to look after some of the most vulnerable parts of the country.

Mr Pickles: We have done three significant things. First, we moved the relative needs threshold to 83% from 73%, which makes a considerable difference and is far more than the Labour Government ever offered poorer communities. We then divided up authorities based on their level of funding, from the most dependent on grant to the least dependent, and ensured that the most dependent received smaller cuts. Then we managed to find an additional transitional amount to ensure that no authority loses more than 8.9%. I will have a further announcement to make about that.

Joan Walley: My constituents do not want the House to make politics of what is happening. Everybody understands the situation in respect of the cuts as a whole, but in areas such as Stoke-on-Trent, where we have deprivation and people out of work, we have made

[Joan Walley]

representations to the Secretary of State and his Ministers to say that we want time: we want time to plan how we can keep what is most important. This finance settlement gives us no encouragement whatever that this is anything other than the Government blaming local councils for what is happening.

Mr Pickles: The hon. Lady and her councils were given quite a lot of time. The former Chancellor, the right hon. Member for Edinburgh South West, made it clear that changes were going to be made, and a number of the most vulnerable areas were hit by the fact that it was made clear that the working neighbourhoods fund was going to end in March this year. It seems to me that a number of councils did not make any provision for that and blithely assumed that the money would continue, despite the fact that the Labour Chancellor made it perfectly clear that it was ending. Ladies and gentlemen on the Labour Benches who cheered his Budget announcement did not raise any objection at the time.

Mr Clive Betts (Sheffield South East) (Lab) *rose—*

Mr Pickles: I will give way in a few moments, but I shall make a little progress, if the Chairman of the Communities and Local Government Committee will forgive me.

The changes make the system fairer and more progressive than it has ever been. The second thing that we did is try to marry the need to tackle the deficit with the need to help councils to adapt, as I told my hon. Friend the Member for Cities of London and Westminster (Mr Field). In December, I said that no council would face more than an 8.9% reduction in spending power and that we would provide a grant to cushion councils that would otherwise have had a sharper fall. Today, we are going further by increasing the transition grant to councils from £85 million to £96 million next year, which means that the average reduction in spending power is just 4.4% and that no council will see a reduction of more than 8.8%.

Let us look at one of the problems that we faced. Concessionary bus travel is a classic example of how the previous Government did things—they made a grand promise without any clue about how it would be funded. Administration of concessionary bus travel under Labour was a shambles. I do not think that councils should have to pay for the misjudgment of the Labour Government, so I am topping up the formula grant by a further £10 million next year to compensate shire districts.

Thirdly, we are committed to protecting local taxpayers. Council tax bills more than doubled under Labour, while front-line services such as bin collections halved. It is only right that we give hard-working families a helping hand.

Caroline Flint (Don Valley) (Lab): Does the Secretary of State agree with the sentiments of his colleague, the Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell), who in writing to Liberal Democrat councillors about the final settlement, says:

"This final settlement certainly does not solve all problems, nor does it add significantly more money into the pot. I know it will still be very disappointing for many councillors."

Mr Pickles: Of course the settlement is very disappointing, but the Government would not do what we are doing had we not found the nation's finances in chaos and with a record budget deficit. The only reason that we are doing this is that the right hon. Lady failed to control her party.

Mr Betts *rose—*

Sir Alan Beith (Berwick-upon-Tweed) (LD) *rose—*

Mr Pickles: I would give way to my right hon. Friend, but I feel like I have been persecuting the Chairman of the Communities and Local Government Committee.

Mr Betts: The Secretary of State said that this is a matter for local decision, and that there is no need for any council to make cuts to front-line services. Can he name one single council in the country that has so far managed to reach a budget decision without any cuts to front-line services?

Mr Pickles: Yes, I can—Reading and Ribble Valley have done so. We have a list, but the hon. Gentleman is ascribing words to me that I did not say. I said that before authorities touch front-line services, they should look at sharing back offices, chief executives and top offices, move back services and improve procurement. That is what I said. There is a very big difference—right across the country—between councils that have attempted those things and those that have decided to cut deep into public services.

Mark Pawsey (Rugby) (Con) *rose—*

Sir Alan Beith *rose—*

Mr Pickles: I will give way to my right hon. Friend, but then in a few moments I will of course do so for my hon. Friend the Member for Rugby (Mark Pawsey).

Sir Alan Beith: Does the Secretary of State accept that it was almost impossible to introduce the required degree of fairness to areas of low council tax income given the historical settlement that many local authorities, such as Northumberland, have suffered over the years and the financial crisis that faced the country? Do we not need to approach fairness again in a more fundamental review of local government finance?

Mr Pickles: My right hon. Friend is absolutely correct. I certainly hope that this year's settlement and next year's are the last ones to be put together on the current corrupt, useless and incomprehensible system. It is the Government's intention fundamentally to review the local government financial system, and I hope to bring proposals to the House later in the year.

Paul Goggins (Wythenshawe and Sale East) (Lab): The Secretary of State has praised some local authorities for planning ahead for cuts, but he did not mention Manchester, which was planning to make cuts of £50 million. However, because he singled out one of the neediest cities in this country for one of the worst settlements, the council is now having to save £110 million next year and £170 million over two years. When a council has to lop off £39 million from adult services and £45 million from children's services, how can he say that he is protecting the most vulnerable?

Mr Pickles: There does seem to be a big difference between how Sheffield and other large authorities are going about this, and how Manchester is going about it. The reduction purely in grant is some 15% over the period, but the council is choosing to cut 25%—above and beyond the reduction in grant. But those figures only really stack up if we completely ignore the level of council tax revenue. That is why we are able to say that no authority is receiving a reduction in their spending power of more than 8.8%. That remains an absolute fact, on a measurement that those on the Labour Front Bench urged us to use. The Local Government Association also suggested that measurement, and it is a very sensible way of doing things.

Henry Smith (Crawley) (Con): My constituency has some of the most deprived areas anywhere in the region, but for the last eight years we have received among the lowest local government settlements there have been. My local authority has been preparing for the even tougher times we face because of the economic crisis that we were bequeathed. Why does the Secretary of State think that other areas of the country have not?

Mr Pickles: It appears that there are two kinds of authority. There are Conservative and Liberal Democrat authorities that seem to be making a genuine attempt to protect the front line, as are a significant number of Labour authorities, but there are several that are simply grandstanding. They have perhaps made one or two financial mistakes in the past and are seeking to hide them by claiming that the financial settlement is the problem.

Mark Pawsey: My right hon. Friend spoke about the need for councils to control executive salaries. Does he have some words of comfort for Rugby borough council, which has chosen to save £100,000 by not replacing its chief executive and devolving the responsibilities to deputies and the elected leader of the council?

Mr Pickles: Hammersmith and Fulham is obviously the apple of my eye in London, but the decision taken by my hon. Friend's council is a very sensible one. I am delighted that chief executives have taken a cut in salary, and I am even more delighted that the salaries advertised for chief executives have gone down considerably.

It is only right for hard-working families to be given a helping hand. We are providing an extra £650 million so that local authorities can freeze council tax for a year from April without local services losing out. We give each council that freezes or reduces council tax the equivalent of a 2.5% increase instead. More than 130 councils have already said that they will take this offer and more will follow as they finalise their budgets. No council should think that it can get away with squeezing its residents.

In the long term, local people should have the power to veto excessive council tax rises, but for the time being the Government will use their capping powers to protect them. Today I have laid before the House a written statement explaining the principles that we are using to define what excessive council tax means. An authority will be liable to be capped if it couples an increase in council tax of more than 3.5% with a reduction in its budget requirement of less than 7.5%. However, for most council tax payers, I very much expect this to be largely an academic exercise, because I believe that every local authority will freeze council tax in this difficult period.

The public will be helped in that process by increased transparency. I am pleased to announce to the House that every council in the country has now agreed to publish every amount over £500, so that their council tax payers can judge whether cuts in services or decisions about those services are just. I say "every council in the country", but I mean "every council in the country with the exception of Nottingham". The Labour deputy leader in Nottingham says that the council has

"no intention of publishing the data unless it is forced to do so by law."

He says:

"We have said that we will publish accounts over £500 if it becomes a legal requirement to do so,"

before adding, rather peculiarly:

"We are happy for information to be"

transparent. Well, information cannot be transparent unless it is published. How come every council tax payer in England can look on their council's website and see how it is spending their money except for those in Nottingham? Is there something peculiar about people in Nottingham that means that they cannot be trusted with that information?

Mr Blunkett: Will the Secretary of State give way?

Mr Pickles: I shall give way in a moment, once I have made this point. The right hon. Gentleman is a senior Member of the House, but I would be grateful if he extended me the courtesy of allowing me to make a few points.

The deputy leader of Nottingham city council is a gentleman called Graham Chapman, which is obviously the same name as the late and long-missed member of "Monty Python's Flying Circus". It seems to me that the right hon. Member for Don Valley (Caroline Flint) should get on the phone to that gentleman and tell him, as his namesake's mother did in "Life of Brian", that he might be the deputy leader of Nottingham city council, but he is a very naughty boy. If it is necessary for me to use the powers that I have to force Nottingham, I will, but why should this process be held back by one obdurate council that simply wants to play politics with transparency?

Hazel Blears: Let me take the Secretary of State back to his assertion that no council will lose more than 8.9% of its grant. Is he not completely ignoring the fact that the poorest authorities get area-based grant? Some 11% of my council's budget in Salford is ABG, because we are deprived and poor, and we need extra help. Slashing the area-based grant means that our cuts next year will be 15%, which is a massive amount in the first year.

Mr Pickles: I can bring better news to the right hon. Lady, because the figure will not be 8.9%, but 8.8%, which I hope she finds helpful. She arrives at those figures only if she completely ignores the figures for council tax, which are such that we can give her a guarantee that her council's spending power will not be reduced by more than 8.8%. Because I have enormous respect for her, I shall make just one further point. I thought about this issue seriously, in a situation where money was clearly being reduced, and I came to the conclusion that

[Mr Pickles]

if I increased relative need, the best way to help authorities such as hers in taking the money down would be to put it into the block grant. That is because the block grant has such a distributive effect. I accept that there is a degree of swings and roundabouts involved, but her authority came out of that process better than it might otherwise have done.

Mr Blunkett: This issue of transparency is absolutely crucial. Is it not a fact that the 8.9% and the distribution of grant took place after the area-based grant—and therefore the specific funding for specific deprivation—had already been taken out?

Mr Pickles: The right hon. Gentleman will forgive me for correcting him: it is not 8.9%; it is 8.8%. We have put some additional sums into the process—[Hon. Members: "Answer!"] I am sorry that he perhaps did not hear the answer that I gave to the right hon. Member for Salford and Eccles (Hazel Blears). I took a view, which I think was correct, that his authority, Sheffield, would have lost out more had we not put those sums into the block grant. He seems to forget that we have moved relative need to 83%.

Thanks to the constructive approach of many councils, we have arrived at a funding settlement for the next two years that is progressive, fair and sustainable. It is important to see this settlement in context. This coalition Government are committed to an historic shift of power and influence. We are seeking to restore real responsibility and authority to councils. We are ending the regional spatial strategies, comprehensive area assessments and local area agreements, and we have made a bonfire of the three-letter acronyms.

The general power of competence in the Localism Bill will give councils confidence to get on with the job. We have already ended grant ring-fencing, with a few exceptions, so that councils can decide for themselves how to spend their money. I am determined that we will continue to push back the tide of bureaucracy, end once and for all the micro-management from Whitehall, and give councils the space to show the ingenuity, ambition and leadership that local people expect. The settlement shows that this coalition Government will not shy away from the tough decisions needed to tackle Labour's public sector deficit, and we will continue to do everything possible to support local councils as they protect and improve front-line services over the years to come.

5.42 pm

Caroline Flint (Don Valley) (Lab): We have heard it all this afternoon. We have heard every possible excuse and cop-out, but we have not heard a single word of apology to the thousands of councillors up and down the country who give up their evenings and weekends, and much else besides, to make their community a better place to live and who are now being forced to implement the Secretary of State's cuts. We have heard no apology for the fact that this Government have chosen to impose huge front-loaded cuts on local councils the length and breadth of the country. Those cuts will be deeper and faster than those made by almost any other Whitehall Department, and they will fall hardest on the poorest places. They will cost jobs and threaten vital front-line services.

Today the Secretary of State has tried to pull a fast one, but he has not convinced our own Labour councillors, or even many Tory or Liberal Democrat councillors. In fact, I do not think that he has convinced anyone at all. Once again, he has come up with a whole host of reasons why this finance settlement—which, by common agreement, is the worst funding settlement for local government in living memory—is not as bad as it sounds, but he is not fooling anyone.

Over the past few months the Secretary of State and his team have given us reasons why local authorities should not have to tackle difficult decisions about front-line services in their communities. They have told us that there are other ways in which local authorities can make savings. We have heard that councils are sitting on piggy banks with £10 billion-worth of reserves, yet 70% of that money is already reserved for specific projects, so the figure is nowhere near as high as £10 billion.

More to the point, the cuts to local councils go so deep and fall so heavily that three quarters of single-tier and county councils have less in their reserves than the cuts to this year's funding. Even if they took up the Secretary of State's suggestion and spent all their reserves trying to mitigate the damage the Government's cuts have caused, it would still not be enough. And when next year came, councils would face an even worse funding crisis—but this time with no reserves to call on. That, Madam Deputy Speaker, is

"the economics of the madhouse".

Those are not my words; they come from a letter from the Conservative leader of Derbyshire county council, Andrew Lewer, who chastised the Secretary of State for peddling "misleading" myths about council reserves. We all know that the right hon. Gentleman likes to talk about bins, but when even his own colleagues tell him that he is talking rubbish, perhaps he should sit up and listen. If he will not listen to them, he should at least take note of his Front-Bench colleagues. However loyally the Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell) nods his head in agreement this afternoon, we know what he really thinks from a private letter he sent to Liberal Democrat councillors. He freely admits that in some cases the figures quoted by the Department for Communities and Local Government were rejected as inaccurate. As I mentioned earlier, another quote from the letter reveals the Under-Secretary's disappointment that so little has been put into the pot, despite the representations of his Liberal Democrat colleagues.

Another area Ministers have looked at is how to plug the gap by dealing with executive pay. Councils were told that if they could not use their reserves, they could cut executive pay. If they did that, they were told, it would be enough to protect jobs and services. I have made it clear time and time again that local councils have a duty to find the best deal for council tax payers—and that includes ensuring that council executives are not paid over the odds and cutting down the size of management teams at the top of councils. In fact, we have gone further than the Secretary of State's proposals on pay and transparency in the Localism Bill, and I urge him again to include consultants and contractors hired by local authorities when pay details are published.

The suggestion, however, that simply trimming executive salaries by a few thousand pounds here and there is enough to plug a funding gap of £6.5 billion is just fanciful. If every chief executive of every local authority took an immediate 50% pay cut, it would yield less than 0.5% of the savings that need to be found. Even if the entire senior management team of every council in England reduced salaries by 25% overnight, 97% of the cuts would still need to be made.

Charlie Elphicke: Does the right hon. Lady agree that it is not simply a question of excessive pay, but of excessive pay-offs? Nottingham council was mentioned, and a brief piece of research shows that Sallyanne Johnson received a £250,000 pay-off, Michael Frater £230,000, Adrienne Roberts £500,000, and Tim Render £200,000—all in recent times. Will she condemn the administration of Nottingham council for wasting that money?

Caroline Flint: We can all trade examples, so let me provide the hon. Gentleman with one from Hammersmith and Fulham council—one of the Secretary of State's favourites. Is it acceptable to hire for £1,000 a day a consultant who has already been retired, on a £50,000-a-year pension, on grounds of ill health from another council?

Value for money and accountability for senior pay are important, which is why we supported those elements in the Localism Bill—but we are going further than the Government suggested, and we hope to gain support for that. However, the reality is that for all the grandstanding on this issue, it does not make a dent in the amount that councils have to find to deal with the front-loaded cuts that the Government have chosen to impose on them.

Graham Stringer (Blackley and Broughton) (Lab): My right hon. Friend mentioned the letter sent by the Under-Secretary to Lib Dem councillors on Stockport council; she will be aware that his postage bill will go down quickly, as Lib Dems are leaving the Lib Dem group because they know the truth about this settlement. Does my right hon. Friend agree that the Secretary of State is talking nonsense when he speaks about giving power to local authorities and being fair, because local democracy is, in fact, taking a much bigger cut than his own central Government Department?

Caroline Flint: My hon. Friend has made a very good point about the unfairness of the cuts. The Government are passporting the blame on to local councils, and that is not fair. My hon. Friend, like other Labour Members, has long experience of local government that can inform our debate. We are in touch with local government, which is one of the big differences between us and those on the Government Benches.

Chris Heaton-Harris (Daventry) (Con): The right hon. Lady suggests that cuts in executive pay constitute a mere pinprick in the savings required. Yet according to a press release from Hampshire county council that I received yesterday, the council expects to save some £7 million in executive pay in the current year. That is just shy of 20%—*[Interruption.]* Opposition Members suggest, in sedentary interventions, that £7 million in a single year may be an unlikely figure, and that may be so, but even if it is over three years—*[Interruption.]*

Madam Deputy Speaker (Dawn Primarolo): Order. The hon. Gentleman must resume his seat.

Chris Heaton-Harris: Even if it is over three years, it still amounts to 7% or 8% of the total savings required. Does the right hon. Lady regard that as insubstantial?

Madam Deputy Speaker: Order. The hon. Gentleman must resume his seat.

Chris Heaton-Harris: I am sorry, Madam Deputy Speaker.

Madam Deputy Speaker: I know that the hon. Gentleman heard me earlier; he clearly saw me. Interventions must be short.

Caroline Flint: I do not know how to follow the hon. Gentleman's intervention, because it is a good example of the grandstanding that has been going on. I should love the hon. Gentleman to send me the figures from Hampshire county council. Seven million pounds a year? I should very much like to see those figures, because I am not sure that they relate only to senior executive pay.

I have made it clear that I am not standing up for those who pay over the odds. *[Interruption.]* I have made that very clear, as the Minister for Housing and Local Government will see if he consults *Hansard*. What I am saying is that it is a distraction to suggest that the sort of cuts in executive pay that I have described, whether they involve 50% of chief executives or 25% of the senior management team, can make a significant dent in the savings that councils are having to find.

We are often told that if councils cannot use their reserves and if cuts in executive pay are not enough, they can make their savings by sharing services or merging back-room functions. Let us leave aside the fact that more than 200 councils are already sharing services or facilities, or are planning to do that. If creative service redesign could protect services and stop unnecessary job losses we would support it, as would our local Labour colleagues, but by front-loading the cuts as the Secretary of State has chosen to do, the Government have given councils no choice other than to find immediate savings, which will actually mean cuts in services and jobs.

We have heard a great deal today about Westminster, Kensington and Chelsea, and Hammersmith and Fulham, but as ever, the devil is in the detail. When we go beyond the headlines, we find that although those councils will lose more than £50 million in funding this year, savings for this year amount to only £5 million. We can only conclude either that the Secretary of State is so detached from the real world that he does not understand that, or that this is a deliberate tactical attempt to distract attention from the problems created by the Tory-led Government. In either event, councils and the communities that they serve deserve better.

James Morris: Is not one of the remarkable aspects of the settlement the fact that, in these difficult times, the Supporting People grant has been relatively protected by the Secretary of State? He has done precisely what I think the right hon. Lady wants to do, which is to ensure the protection of the most vulnerable. Should not the right hon. Lady be celebrating that?

Caroline Flint: I am not sure that there is anything to celebrate. Whether we are talking about the Supporting People grant or Sure Start, one thing is certain: neither has not been ring-fenced, and therein lies danger. Manchester city council, for instance, faces a 35% cut in its Supporting People grant.

Mr Pickles: I am sure that the right hon. Lady would not want to put an incorrect statement on the record. Will she confirm that the Supporting People fund was not ring-fenced under the Labour Government?

Caroline Flint: Unlike the Secretary of State's hon. Friends, we put money into the Supporting People grant to support local initiatives. Now councils face cuts in their Supporting People funding, and have no alternatives to the decisions that they are having to make.

Mr Andy Slaughter (Hammersmith) (Lab): I will talk about the myths of Hammersmith and Fulham later if I have the opportunity, but for now may I correct my right hon. Friend by pointing out that £2.9 million is the saving for the three boroughs next year—£500,000 from Hammersmith and Fulham—out of £27 million in total savings? The sum the Secretary of State said the three councils would save when he launched the initiative last October was £100 million. That is the sort of voodoo economics we are dealing with here.

Caroline Flint: My hon. Friend always enlightens us as to the true nature of what is happening in Hammersmith and Fulham. Only in the last week we have heard about a building that houses some 30 charities, from which many of the charities are being evicted. I heard only the other day that Hammersmith and Fulham council is so in touch with the big society that refugees from Afghanistan who were seeking support were directed to an Afghan society that happened to be an Afghan hound society. That shows how in touch those people are with the concerns of their residents, and the extent of their knowledge of the charitable and voluntary sector.

Mr Betts: In the last Parliament the Communities and Local Government Committee conducted a report on Supporting People. It accepted the removal of the ring fence, but said that spending on Supporting People should be monitored. Perhaps as a result of that, the day after the Secretary of State appeared before the Select Committee in December, Westminster city council announced a £1 million cut in its Supporting People services.

Caroline Flint: I always bow to the experience and knowledge of my hon. Friend. This will all come to light in the weeks and months ahead as the budgets are set, and I think we will see that no Members on the Government Benches will stand up for Supporting People. We know that the losses on the ground are affecting people, and the services they have relied on for so long.

As all the excuses have fallen away, and as the reality of the pace and depth of the Government's cuts hits home, so Ministers' accusations and attacks on local government have become more desperate and outlandish. The real impact of these cuts is becoming clearer day by day. Some 450 libraries around the country are under threat of closure, including four in the Prime Minister's constituency, 250 Sure Start centres serving 60,000 families look set to close by the end of this year, and despite all the Secretary of State's exhortations, because of the cuts he has imposed half a million British home owners have had their weekly bin collections scrapped. As for housing, his cuts in the housing budget mean that, for all the current Government's criticism of the last Government's record, once the homes that Labour started building are completed no new social homes at all will be built for the duration of this Parliament.

When 70p out of every pound councils spend goes on staff, it is madness to believe that people will not lose their jobs. The only advice we have from the Government comes from their big society guru, Lord Wei, who this week told council workers to cut their hours and their pay and spend more time volunteering. That will be of little comfort to the tens, if not hundreds, of thousands of people who lose their jobs this year. According to Unison, 100,000 people in council, health, police, fire and education services have already been warned their jobs are at risk. The GMB has kept a running tally of the number of workers who have been told their jobs are under threat, and, as of last week, it suggests more than 155,000 posts are at risk.

Let us talk about the organisation that has actually conducted some research in this area: the Local Government Association. It believes that 140,000 council workers will lose their jobs this year. I saw the Minister for Housing and Local Government on TV only last night attempting to argue otherwise, but the LGA's figures are based on evidence—on research covering 202 councils employing 1.85 million people. The Minister's arguments are based on the hope that, "If we say something enough times, eventually people will start to believe us."

Gordon Birtwistle (Burnley) (LD): Why is Liberal Democrat-controlled Sheffield city council making only 250 people redundant, yet the figures for Labour-controlled Manchester city council and Liverpool city council are 2,000 and 1,500 respectively? Could it be that the Labour councils are not interested in making proper savings, whereas the Liberal Democrat and Tory councils are?

Caroline Flint: Well, so far as Sheffield is concerned, part of the problem is that the Liberal Democrats are running scared. They have deferred the decisions because they think they can pull the wool over the eyes of the people of Sheffield, but I have to say to the hon. Gentleman that that is not going to work.

I want to say something about back-room staff in local government. Efficient administration: yes, of course we need that, but every organisation needs people in the back-room as well—even the Secretary of State's Department. It is a pretence to believe that administrative jobs are not necessary. Worst of all is the unfairness. The communities who rely the most on the services that their council provides will be hardest hit. Every time the Government hit the airwaves we are told how progressive this settlement is—but I am afraid that they do not know the meaning of the word. What is fair about the most deprived communities facing cuts four times as deep as those in the most prosperous areas? What is progressive about a finance settlement in which every resident in Hackney loses £180, while people in the Prime Minister's constituency lose only a fiver? Even Liberal Democrat and Conservative councillors know that that is neither fair nor progressive.

The Tory leader of Blackpool council, Peter Callow, told the BBC that this Government had "let down poorer areas". Perhaps that is why David Faulkner, the Liberal Democrat leader of Newcastle council—the Liberal Democrats' flagship council in the north-east—agreed that the Secretary of State is

"the worst Secretary of State we have had".

Perhaps that is why, in a private e-mail sent to Liberal Democrat councillors from the Local Government Association just last week, we learnt that—*[Interruption.]* I know that the Secretary of State does not want to listen to this. We learnt that

"concerns about the weakness of the Secretary of State have been raised within all three of the main political groups at the LGA and the message has been heard loud and clear by leading figures in the Government. The situation has been likened to having a republican in charge of the monarchy."

As for the big society, with every day that passes it looks more and more like a big sham. We have heard from Volunteering England, which accused the Government of undermining charities. Last week Liverpool City council had to pull out of the big society pilot because it saw how ridiculous it was for the Government to laud the virtues of the voluntary sector on the one hand, while pulling the rug from underneath it on the other. Just this Monday, Dame Elisabeth Hoodless of Community Service Volunteers warned that the "draconian" cuts to local government were "destroying volunteering". But as the Prime Minister said earlier this afternoon, what does she know? She is only the mother of the big society, the executive director of Britain's largest volunteering charity.

Up and down the country, as a direct result of the choices of this Government, councils are being forced to cut back funding to community groups and voluntary organisations. If they cannot pick up the reins, who will take responsibility for providing the services that this Government have dismantled?

However, Ministers' most insidious claim is that councils that have built up good services to help poor, elderly or vulnerable people will deliberately cut those services, rather than bureaucracy, in order to cause suffering for political gain. That is an outrageous slur, and it is beneath the dignity of Ministers to level the claim. It is a sure sign of how empty the Government's arguments are that they drag out that myth in order to slander the reputations of decent councillors.

The blame for all this lies solely and squarely with this Tory-led Government, because the biggest myth of all is that there is no alternative. Madam Deputy Speaker, there is an alternative. We do not deny that there is a deficit and that it needs tackling, but the Government's decision to eliminate the deficit over this Parliament is a choice, not a necessity. Labour's plan was to halve the deficit over four years. That would have meant local government cuts, but not cuts as deep as this. The Government's decision to front-load the cuts, so that the heaviest reductions fall in the first year, is a choice, not a necessity. We would have spread the cuts more evenly over four years, giving councils time to plan where savings could be found. The Government's decision to skew the funding system so that the poorest councils are hardest hit is a choice, not a necessity. We would have shared the cuts much more fairly, ensuring that those with the broadest shoulders bore the greatest burden. The Government have made their choice, and they must take responsibility for the consequences.

Flush with cash from their chums in the City, this Government may be laughing all the way to the bank, but local councils and the communities they serve are crying out for more help and more time. In every part of the country and in all communities, people are rallying together, standing side by side, shoulder to shoulder, against this Government's reckless cuts. They are the real big society, and they are telling this Government that they are going too far, too fast. The teaching assistants, social workers and street cleaners marching for their jobs: they are telling this Government that they are going too far, too fast. The pensioners occupying their local libraries and clearing the shelves of books: they are telling this Government that they are going too far, too fast. The families going door to door with petitions to save their local Sure Start centre: they are telling this Government that they are going too far, too fast.

The Government are not listening but we are, and that is why, today, Labour will vote against a local government settlement that reflects none of the concerns of councillors and communities about going too far, too fast. I urge all Members to stand up for their communities and the services they hold dear, and join us in the Lobby tonight.

Madam Deputy Speaker (Dawn Primarolo): I have to announce the results of the Divisions deferred from previous days. In the Division on the question relating to the financial stabilisation mechanism, the Ayes were 297 and the Noes were 45, so the Ayes have it. On the question relating to police, the Ayes were 501 and the Noes were 18, so the Ayes have it. On the question relating to taxation of the financial sector, the Ayes were 295 and the Noes were 223, so the Ayes have it.

[The Division lists are published at the end of today's debates.]

Andy Burnham (Leigh) (Lab): On a point of order, Madam Deputy Speaker. I am sorry to interrupt the House, but this is on a matter highly relevant to this debate. At Prime Minister's questions earlier today, the Prime Minister gave an inaccurate picture about Sure Start funding to this House. He said:

"On Sure Start, the budget is going from £2.212 million to £2.297 million. That budget is going up. That is what is happening."

There are two problems with that statement. First, those figures do not refer to the Sure Start budget; they refer to the early intervention grant, which pays for 21 separate programmes in addition to Sure Start. Secondly, the budget is not going up. The Prime Minister's figures compared 2011-12 with 2012-13. If he had compared this year's budget of £2.483 million with that in 2012-13, he would have found that there is a cash cut of £186 million.

Councils are making some very difficult decisions on these matters right now, and it is only fair to them to put the correct figures on the record and in the public domain. I wonder whether you might ask the Prime Minister to set the record straight, Madam Deputy Speaker.

Madam Deputy Speaker (Dawn Primarolo): That is not a point of order for the Chair. The right hon. Gentleman is very experienced, and I am sure that he will find other ways to pursue those particular points about statements that have been made in this House. He

[Madam Deputy Speaker]

is right to say that this is a very important debate on the question of local government funding. Perhaps other hon. Members might wish to reflect on what he has said, but we will move on and continue that debate.

6.7 pm

Mr Andrew Turner (Isle of Wight) (Con): I shall keep my comments relatively brief, Madam Deputy Speaker. I wish to start by thanking the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) for receiving a pre-Christmas delegation from Isle of Wight council. During the meeting, the council accepted that it must play its part in tackling the massive structural deficit left by the Labour party. It also accepted the vast majority of the figures and calculations in the draft local government settlement. The council queried only one point in it with him. The argument was solely about the baseline figure used for local transport and concessionary fares. The council contends that a miscalculation has denied it additional grant of almost £900,000, which obviously has an effect on the council's overall spending power. The Government say that in 2011-12 Isle of Wight council will have £6 million less to spend than in the current year, whereas the council suggests a figure of £7.5 million.

The Government's spending power figure covers all the council's income available for it to spend. That is clearly the best way of presenting the figures: looking at the picture as a whole, rather than taking any single figure in isolation. The council has given me details of the notional figure, the effect of damping, schedule D, the transfer of functions between authorities and the baseline figure that it believes is wrong.

I do not, however, intend to go over all that again. Doubtless the council's view on all those points was put very eloquently during its meeting with the Minister. Figures can be presented in many ways, and they certainly have been, both on the island and nationally, but I am speaking today because I see the very real distress caused to my constituents at proposals that will affect services they value and the fabric of our life on the island. Among other things, island communities might lose libraries and public lavatories unless, in some cases, those services are taken over by town and parish councils, thus putting up the local precept—the town and parish rates. The changes should have been made separately from the Budget, preferably in the period between last June and December. After all, we won the election in May and there was time to do it then rather than making these changes in a last-minute rush. However, we are where we are, as they say.

I understand that the arguments about the draft settlement report have been considered and that decisions have been made, but the council says that the baseline figure that it says has been miscalculated will affect the settlement for future years. We all know that the complete financial mess the coalition Government inherited from the Labour party is the real problem and that neither councils nor the Government can go on as they have in the past, but I urge the Minister to consider the technical arguments that Isle of Wight council put to him. He and the Secretary of State should consider whether those arguments have merit and, most importantly, whether my constituents are losing out because of the way in which the figures have been calculated. I hope that the Minister can assure me that if there is any doubt about that he will enter into further dialogue with the council so that the effects can be addressed as soon as possible.

6.12 pm

Mr Clive Betts (Sheffield, South East) (Lab): The Secretary of State has obviously listened to many representations in the past few weeks, but the question is whether he has actually heard what people have been saying and whether he is prepared to act. Today, we have found out that, presumably after prostrating himself on the floor before the Chancellor, he has come away with a further £10 million.

Mr Pickles: No, it is entirely from the Department's budget.

Mr Betts: Local authorities are going to get a further £10 million on top of the settlement they were previously promised. Even if that £10 million was given to one authority, such as Salford, instead of its reduction in total spend being cut from 8.9% to 8.8%, there would hardly be dancing in the streets. Authorities such as mine in Sheffield are getting nothing extra out of that small amount of additional money: they will still get a cut of more than 8%.

Mr Pickles: The figure is £10 million extra to district authorities. That is why the cut for authorities is no longer 8.9% but 8.8%. Extra money has gone in—not a lot, but we have been able to drop the cut a little.

Mr Betts: The Secretary of State's words are very apposite—it is not a lot of money, but there are an awful lot of reductions up and down the country that local government is having to deal with.

My first point, which I made in a Westminster Hall debate but still have not received an adequate response to is that the overall cuts in Government expenditure over the four-year period are 19%, whereas the cuts for local government are 26%. Why is local government experiencing higher cuts than the overall average cuts to Government spending? We know that the services delivered by local government are important to our constituents. Some of those services go to those in most need—social services provision for aids and adaptations and for looked-after children. Some of them concern quality of life—for example, libraries, parks, playing fields and sports centres—and others are essential, such as refuse collection, street repairs and street lighting.

Most local authorities are doing all they can to protect their social services provision and to protect looked-after children and children with particular disadvantages, so it should come as no surprise that even when they have looked at back-room services and sharing services with other authorities, councils throughout the country of all political persuasions are cutting services such as libraries and bus services and changing their methods of refuse collection.

Henry Smith: Will the hon. Gentleman acknowledge the billions of pounds added to social care budgets in the comprehensive spending review?

Mr Betts: There were ear-marked allocations, including some transferred money from NHS funding, but even so local authorities are facing severe reductions. Westminster, a flagship Conservative authority, is cutting £1 million from its Supporting People budget. Hammersmith and Fulham was named for cutting eight community centres, I understand. Gloucester and Somerset councils are cutting libraries and closing them. Those are cuts in front-line services. Even authorities that are sharing services and cutting management costs still have to cut front-line services. Why has local government been singled out for bigger cuts than the rest of central Government combined?

Brandon Lewis (Great Yarmouth) (Con): Does the hon. Gentleman acknowledge that local authorities across the country, such as my own in Great Yarmouth—we are a deprived area that has been hit with cuts—have said that they can deal with the changes without affecting front-line services? They are looking to do that through back-office savings and cross-working with other authorities.

Mr Betts: All I can say is that the hon. Gentleman's authority must have had a much more favourable settlement than many others that are making those cuts. That is not happening on a party political basis. Conservative and Lib Dem authorities are making cuts as well. I am more than happy to receive a list from the Secretary of State of all the authorities that are managing the process without any cuts in front-line services. It will not include many Conservative and Lib Dem authorities, which are presumably making cuts not to spite the Government, but because of the position that they have been put in by the Government.

Brandon Lewis *rose—*

Mr Betts: I am sorry, but I must make progress. Other Members want to speak in the debate.

My next point is one made by the Local Government Association on a cross-party basis. Why are the cuts front-end loaded? Will someone explain? Even if the Government feel that they have to make the cuts over the four-year period, why are they front-end loaded?

Simon Kirby (Brighton, Kemptown) (Con) *rose—*

Mr Betts: There is an answer coming.

Simon Kirby: Does the hon. Gentleman think it is right that this country is paying £120 million per day to service the interest on the debt that his Government ran up?

Mr Betts: That is not the intervention that I was expecting. I thought that as those on the Front Bench could not help me, the Back Benchers would.

Why are the cuts front-end loaded? Why do nearly half the cuts come in the first year? I was in Croydon council on a Select Committee visit on Tuesday. Croydon council is a flagship Tory authority. It has participated in Total Place, it has community budgeting, it is part of the big society project and it is enthusiastic about it. The leader of the council sat across the table and said to me, "The thing that is really affecting us and may stop us delivering on projects like community budgeting and the big society is the front-end loading of the cuts, which is making it impossible for us to deal with them in a planned and organised way."

That is a Conservative authority, and the Local Government Association is saying exactly the same. The front-end loading is forcing the cuts up front, which makes it harder to reorganise and to provide services in a different way. It means more money being spent on compulsory redundancies. It is a major problem, and nobody will explain why the cuts must be front-end loaded. Why?

Charlie Elphicke *rose—*

Mr Betts: Is an answer coming?

Charlie Elphicke: Do not many local authorities have substantial reserves? The reason for having reserves is to provide a cushion. Manchester, I believe, is cutting 2,000 staff, yet it is sitting on £100 million of reserves. How can that be justified?

Mr Betts: I cannot identify the reserves of each authority, but the total figures provided by the Government include items such as school reserves—

Mr Pickles: No.

Mr Betts: —over which authorities do not have discretion. The figures include the housing revenue account and working capital that is needed to manage the cash flow of an authority, and they probably include identified sums in the authority's capital accounts for major projects. All those things tend to get lumped together. The Secretary of State says that is not true. If he produced a list of figures for each local authority that extracts all those sums, that would be very interesting to see. I look forward to a copy of that being placed in the Library.

Paul Goggins: My hon. Friend might like to comment on the claim made by the hon. Member for Dover (Charlie Elphicke), because Manchester city council will have to spend £60 million of its reserves simply making people redundant as a result of the cuts.

Mr Betts: The Secretary of State has had an exchange of letters with the Conservative chair of the Local Government Association, who has complained bitterly that if more than £200 million is required nationally in capitalisation to pay for redundancy costs, that will result in a further cut in the grant to pay for it.

I will move on to the spread of the cuts. It is undoubtedly true that local authorities in the most deprived areas are getting the biggest cuts. Government Members will say that those authorities have the biggest grants, which by and large is true, but that is because they have the biggest needs and the most deprivation. The reality is that my local authority is getting more than an 8% reduction in its spending powers and Dorset county council is getting an increase. That is simply not fair.

Brandon Lewis: Will the hon. Gentleman give way?

Mr Betts: I have already given way to the hon. Gentleman and think that that is reasonably fair. The spread of the cuts is simply not fair. I accept that the

[Mr Betts]

Government have provided an element of transitional grant to help those authorities with most deprivation, but they simply have not gone far enough to protect those with the most needs and the most deprivation. That is why those areas now face the biggest cuts in services.

Ms Louise Bagshawe (Corby) (Con): Does the hon. Gentleman think that it is right that only months before announcing these job loses, Manchester city council spent £150,000 on a statue, which could have funded nine junior posts for a year?

Mr Betts: Manchester city council has to make its own local decisions, and I am not here to support or defend every action of every local authority. I thought that leaving such matters to local councils was what localism was all about. We must not put them in the position where they have to make cuts in front-line services, as Somerset, Gloucester and other authorities are having to do.

I support what the Government are doing on ring-fencing. I believe, as I have been saying for many years, that abolishing ring-fencing as far as possible is the right thing to do so that local authorities have more discretion in how they spend the money available to them.

On the question of business rates, I followed up with the LGA the issues I raised with the Minister for Housing and Local Government in my Westminster Hall debate. It has received legal advice on the matter from Bevan Brittan solicitors, which states that in this instance the Secretary of State has not set the distributable amount as a sum equal to the difference, but has chosen to budget for a surplus and set the distributable amount some £100 million lower at £19,000 million. That is simply unlawful, and that is the legal opinion the LGA has received—*[Interruption.]* I am raising the issue with the Secretary of State and giving the advice that the LGA has given me. If it is inaccurate, will he publish a precise assessment on whether he intends to budget for a surplus on the business rates and whether he believes to do so is lawful so that Members have the full and proper picture?

Mr Pickles: The hon. Gentleman occupies a senior position and so should know that all business rates have to be redistributed to councils by law. It is not possible to do what he is suggesting we are doing, because nothing can be done with a surplus other than giving it back to local authorities. He does not seem to appreciate that total public expenditure is within an envelope, but revenues from business rates go up and down, so councils are compensated by central Government.

Mr Betts: I understand that revenues from business rates go up and down, so when they go up more should be distributed to local authorities as a result. *[Interruption.]* Rather than engaging in further debate on this, I am happy to pass on to the Secretary of State the legal advice that the LGA has given me and ask him, if he believes that it is wrong, to issue a detailed correction. That seems an appropriate way to proceed.

Mr Pickles: Send me the letter.

Mr Betts: I will of course send the letter to the Secretary of State, and I look forward to his response.

On the question of putting salaries above £58,000 into the public domain, the point made by my right hon. Friend the Member for Don Valley (Caroline Flint) ought to be pursued. If the Secretary of State is right, and he encourages local authorities to put more and more services out to the private sector, to the voluntary sector and to social enterprise, he will find that fewer people on those salaries are employed in the local authority sector. Somebody with responsibility for a service might be "TUPE'd" outwith that service to the private sector or to a social enterprise, in which case his transparency will therefore decline. So, when services are contracted out, could the requirement for transparency about salaries of more than £58,000 be transferred as well, and applied to contractors across the piece? That would be a way forward for the Secretary of State, and his Cabinet colleagues might like to look at it as a good example of transparency in practice.

The figures on Sheffield are misleading. The figures that have been quoted are for those redundancies that have been announced so far. Many vacancies in Sheffield are being held unfilled, and they are going to affect services. We know of several hundred posts that will not be filled by one means or other, and we also suspect that the Lib Dem administration there is trying to delay and avoid decisions, waiting to pass them on to the new Labour administration that will take office in May. The budget has not yet been finalised, however, so no one can quote a figure of 250. Several hundred jobs are likely to be lost as a result of the budget—many times the figure given today.

There are real problems with the settlement, but the fundamental question that comes across from local councils and the Local Government Association is, "Why are the cuts front-loaded?" Can the Government please provide an explanation? That fundamental problem is causing chaos in local authorities and massive cuts to services throughout the country.

6.26 pm

Bob Blackman (Harrow East) (Con): We meet today to review the local government settlement, and no doubt councils throughout the country are looking at their budgets, examining how much they are going to spend and making local decisions. We have at last started to hear from Opposition Front Benchers the recognition that reductions in public expenditure would have happened regardless of which party won the last general election. It has been a long time coming. We have been waiting for that view to creep forward, and slowly but surely the recognition is dawning that reductions would have had to be made regardless of who won the election.

We have inherited a legacy: local government council tax has doubled, but services have not really improved at all. Under the Labour Government, there was a transfer of responsibility to local government but a transfer of funding to the council tax, and that forced local people to pay for those services, which were not really delivered.

Authorities were also inspected and monitored to the absolute maximum, and part and parcel of the settlement before us is a reduction in that monitoring and inspection, all of which can be translated directly into savings that local authorities can make.

Charlie Elphicke: Does my hon. Friend agree that, extraordinarily, all that monitoring and inspection never seemed to include the over-inflated salaries of chief executives or the ridiculous pay-offs that occurred?

Bob Blackman: I thank my hon. Friend for that intervention, which refers to another thing that took place under the Labour Government. In all those organisations, pay is determined from the top, so as chief executive pay has rocketed, so has senior pay, while the large numbers of people who work for local authorities and do a brilliant job are paid relatively small amounts of money. There is no doubt, however, that the pay of middle management and senior management exploded, and I applaud the Secretary of State's decision to publish the figures so that the public can see what type of jobs are involved.

We also saw an explosion in the creation of non-jobs, each of which required administrative support, departments and offices, all of which are costs to the taxpayer, specifically the council tax payer. We had a multitude of different grant regimes and ring-fencing so that if local authorities wanted to take decisions, they could not. I therefore welcome the merger of the different grant regimes and the removal of ring-fencing, which allows for local decision-making at the right sort of level.

What Labour did was not all bad. The decision to tell local authorities what level of funding they were getting for three years was a good thing because it allowed them to plan ahead. I hope that in future times the settlement from the Front Bench will be offered not just for three years but for four or five years so that there is certainty for local government in planning ahead.

Henry Smith: Does my hon. Friend think that as well as certainty in terms of the amounts received by local authorities, it is also important that there is transparency as regards the formula for the way that those settlements are decided?

Bob Blackman: My hon. Friend anticipates a matter that I was going to come to later. The outdated Barnett formula, which has transferred money to all parts of the country with no transparency whatsoever, must go and be replaced with a formula that delivers money on a fair and transparent basis that we can all see and understand. Even Lord Barnett himself cannot believe that his formula, which has existed for some 40 years, was not removed or transformed under 13 years of Labour Government, but they did not do it. That is one of the things that has to go.

We should deal with issues relating to the front-loading of reductions in expenditure. The reality is that the Government are having to deal with a deficit inherited from the Labour Government. We get maximum benefit from making public expenditure reductions early because we get four or five years-worth of reductions as a result. That is precisely the reason for doing it.

James Morris: As the right hon. Member for Don Valley (Caroline Flint) said, Labour was committed to reducing the structural deficit in four years, which implied that 20% cuts in public expenditure would have been applied to local government. However, we did not hear a single thing from the Opposition about what they would have cut.

Bob Blackman: Indeed; my hon. Friend makes a fair point. We have heard the starting point of the apology and a little about what Labour would have done, but we do not know the detail. If the result of the election had been somewhat different, we would probably be arguing about money around the margins as regards the expenditure reductions.

I ask Front Benchers to consider the area cost adjustment. That is quite a serious issue for London and areas of deprivation, where higher costs are incurred. It appears that the area cost adjustment has not been dealt with reasonably in this settlement, and that needs to be looked at again. There are parts of the country where higher costs apply, and that is particularly true in London.

Capitalisation is just putting off paying today until tomorrow and doing it on a deferred basis. It means having to borrow or spend money on capital that could otherwise be employed. It is a wasted opportunity and the wrong way of dealing with redundancies. If councils wish to make redundancies, they should recognise that they will make savings on their revenue budget and they should use that budget to pay for the costs of those redundancies, not defer them through the capital programmes.

I applaud this Government for introducing the pupil premium. However, it will be equally applied across the country, and there are higher costs in London. Surely it must be right that in high-cost areas we increase the premium per pupil to recognise that fact. I ask Front Benchers to consider that.

We need to look at the data that are used to formulate the grant settlements. Certainly in London, those data are hopelessly out of date and inaccurate and therefore money is transferred in an unfair way. That has been true for many years, and I hope that we can put it right.

I will talk about two local authorities that I know well. The first is the London borough of Harrow, which has at last received a reasonable settlement from central Government. It is the third best in London and the 23rd best in the country. The Labour council that came in after the election inherited a transformation programme that reduces costs and safeguards services. We await its budget decisions. It should be satisfied with the settlement, after years of poor settlements from a Labour Government. In London, 27 of the 32 boroughs were on the floor under the Labour Government, receiving below inflation increases year after year. London has had to put up with draconian settlements before, and it knows how to deal with them.

The second is the London borough of Brent, where the Labour council inherited a transformation programme that would have saved £100 million over four years. Instead, it has decided to close six libraries and all the day care centres, to slash the voluntary sector programme, and to decimate services for the weak and vulnerable. That is a political decision. I suspect that that is precisely what is going on all over the country. Certain people are making decisions to close libraries, day care centres and other centres that affect the weak and vulnerable in advance of the Localism Bill, which will give local communities the opportunity to take them over and run them.

Brandon Lewis: My hon. Friend is talking about London, but does he agree that what he describes is mirrored outside London? The hon. Member for Sheffield

[Brandon Lewis]

South East (Mr Betts) spoke about areas that are deprived and hard-hit. Great Yarmouth, which is one of the most deprived areas in the country and is the hardest hit by these cuts, has said that it can deal with this situation without it affecting front-line services. It is doing so through shared services, thereby proving that this work can be done by councils that are prepared to be positive and think outside the box.

Bob Blackman: My hon. Friend makes a good point. The reality is that the councils that planned ahead, knowing that reductions would take place, however draconian, are coping best. The councils that put their heads in the sand and said that it would never happen are being caught out. They are now being called to account. If councils have not planned ahead, they will suffer.

Heidi Alexander (Lewisham East) (Lab): Like the hon. Gentleman, I represent a London constituency. My local authority faces cuts of £87 million over the next four years, out of a budget of £271 million. It is finding that difficult, having decided to protect care for the elderly and child protection, which amount to £109 million of the budget. It is a disgrace for him to suggest that it is a political choice for councils to look at other front-line services. Does he not agree that the scope for finding savings is limited, should councils choose to protect essential services for the vulnerable?

Bob Blackman: I thank the hon. Lady for that intervention. It leads me on to my menu of what councils should do. Have they eliminated unnecessary monitoring? Have they eliminated duplication and multiple handling of applications for grants and other such services? Have they reviewed senior officer pay? Have they co-operated with other local authorities to reduce costs by combining back-office services? Have they cut their communications budgets, or have they chosen to send out publications to the community on a regular basis? Have they removed vacant posts that are unnecessary? Have they rationalised their office space and found office space that is no longer required? Have they taken their efficiency savings seriously and delivered them year after year, or have they continued on the same basis as before? Have they got into smarter procurement and come together with other local authorities to use their buying power to reduce their costs? Have they considered a long-term plan anticipating all the reductions? If authorities have done all those things and still have problems, then it is right that they approach the Secretary of State for help and advice on how to construct their budget at local level, but not until then.

This Government and our Front-Bench team have produced a set of figures and budget proposals that can be supported and that will be recognised in the years to come as a dramatic step forward in ensuring that people get proper value for money in the local services that are delivered to them. I ask that we consider how more money can be raised locally through the transitional business rates and in other such ways, and I ask that we consider how to deal with deprivation in future. It is a disgrace that has gone on for far too long that the deprived areas of the country have consumed more and more money, yet continued to be the deprived areas. That cannot be right, and we have to put it right.

I also urge Ministers to continue the process of helping councils to freeze council tax not just for one or two years but on a continuous basis, so that hard-pressed tax payers do not suffer any penalty as a result of the actions of the councils that operate their services. We can all applaud our Front-Bench team for the work that they are doing.

6.41 pm

Steve Rotheram (Liverpool, Walton) (Lab): When I spoke on local government funding in December, Government Members accused me of pre-empting the final settlement and of scaremongering. They superciliously lauded my passion but suggested that I await the Government's definitive announcements before jumping to conclusions regarding how Liverpool would fare. Well, I have done that.

The formula has been decided, the figures have been published, the maths has been done, and I repeat vociferously now what I said back then. Not only will the scale, pace and nature of these draconian measures imposed in the name of fiscal restraint have a devastating impact on Liverpool, but in the wider scheme of things, the cuts will prove an utterly false economy.

I stated in December that Liverpool would be disproportionately hit, and I repeat that claim today. I should declare at this point that I am still a sitting Liverpool city councillor, at least until May. At Prime Minister's questions earlier, a Tory Member had the temerity to say "Shame on Labour councillors" when the Prime Minister tried to blame Liverpool for his big society failures in the city. It did not take long for the malevolent Tories to revert to type and put the boot in to Liverpool, did it?

That comment shows the Conservatives' lack of understanding, because it is not just Labour in Liverpool that is saying that the Tory cuts will savage our services. The whole council—Labour, Green and Liberal and even the Liberal Democrats, who used to run the council—is up in arms. The books are there for all to see, so I am happy to invite the Secretary of State to come and have a look at them to see the dilemma that he alone has created. We in Liverpool now know that we will have to save a budget-busting £92 million in the financial year ahead, and the council has very little, if any, room for manoeuvre. For all its valiant efforts to balance the books, both jobs and front-line services are to go. As we have heard, some 1,500 redundancies are predicted over the next two years.

Before hon. Members shout me down, I fully acknowledge that Liverpool is not alone. Local authorities up and down the country are facing crippling cuts, but I shall explain what is particularly galling about the situation in which Liverpool city council finds itself. In December, the Minister for Housing and Local Government was reported as pontificating:

> "If councils share back office services, join forces to procure, cut out the crazy non-jobs and root out the wild over-spends then they can protect frontline services."

The implication was clear: profligate and irresponsible local authorities needed to get their act together. The Minister was preaching to the converted in Liverpool. Having long been tightening its purse strings, it has achieved a total of £70.4 million of savings in the last three years, about £40 million of which was saved in the current financial year under a Labour-controlled council.

How Liverpool managed that might be of interest to the hon. Member for Harrow East (Bob Blackman). Liverpool did it by making proven efficiency savings in management, administration and back-office services, and through economies of scale achieved by sharing, outsourcing and collaboration. Simultaneously, the authority has managed to reduce and stabilise council tax. In fact, our approach was commended in this very House by the Secretary of State.

Liverpool has been there and done all that, and is both able and willing to continue in the same vein, but it cannot perform miracles. That is why the Prime Minister was wrong today, and why Liverpool city council was absolutely right last week to refuse any longer to prop up the Government's sham, big society agenda, which was always a cover for a cynical exploitation of community and voluntary tradition to obtain public services on the cheap.

What is most objectionable is the way in which Ministers have banged on about protecting the most vulnerable communities, believing, it seems, as my right hon. Friend the Member for Don Valley (Caroline Flint) says, that if they say something often enough, people will eventually believe it to be true. Well, not in Liverpool they won't.

Our city is a city transformed. We are a great city do a business in, and once again I make the offer to the Tories to hold their party conference in Liverpool so that they can see what a great city it is first hand, just as the Lib Dems did last year and the Labour party will do this year.

Andrew Bridgen (North West Leicestershire) (Con): The hon. Gentleman has told the House of his scepticism in respect of the future of the big society. However, does he believe that the previous Government's policy of big government has served either the people of Liverpool or this country very well, considering the devastating economic landscape and legacy that they left for the coalition Government?

Steve Rotheram: Dear me. It's the same old mantra, isn't it? We have had the debate on the deficit and the argument about whose responsibility it was. The hon. Gentleman will say one thing—I think Government Members get brownie points if they stand up and mention £120 million, and the Whips must be going, "That's a good girl, that's a good lad. They'll go far in the Government"—but I am not going to rehearse the same argument today. That is why I confined my argument and contribution specifically to what is happening in my city. The Government cannot keep cutting without social consequences. My contention is that the formula that is being used is unfair to Liverpool, and the cumulative effect will be devastating.

I have explained the transformation of our city, and I hate to acknowledge this, but it is common knowledge: Liverpool is the most deprived local authority in England. I wish it was not. Seventy per cent. of its areas are classed as falling within the most deprived 10% nationally in terms of health and disability, and 57% of the population has been assessed as "employment deprived".

What is more, the city relies disproportionately heavily on the now-threatened public sector. If that does not make Liverpool extremely vulnerable in these difficult times, I do not know what does, yet the Government persist in hiding behind averages. The Government told us earlier that the average spending power reduction is around 4.4% nationally. Okay. I will state now—without, by the way, the authority of my local council—that we will accept the national average cut. We will take that now. If we are all in this together, we will take our fair share of the pain, but Liverpool is faced with a maximum spending cut of almost 9%, even after receipt of the transition grant moneys.

It is absurd that while the most deprived community in the country faces the maximum level of spending reduction, the least deprived, Wokingham, faces a cut of just 0.63%. The Government can bandy around per capita figures until they are blue in the face, but the bottom line is that the areas facing the biggest spending squeezes—Liverpool, Manchester and Knowsley—are the poorest. So much for protecting the vulnerable. And so much for facts—not only did the Secretary of State have the audacity to claim on television recently that spending power in Liverpool would not be affected any more adversely than anywhere else, but he said that funding for supported people would be "entirely protected". That simply is not the case. Liverpool city council has advised that its Supporting People funding has been slashed by 30%. But why let facts get in the way of an unsound policy and a soundbite?

Despite all this, Liverpool city council has sought to work with Ministers in a bid to comply with Government diktat. In a spirit of collaboration and compromise—allegedly so de rigueur with the Tory-led Government—the council has requested flexibility on two specific fronts. First, we are asking the Government to grant us capitalisation permission to help to meet the estimated redundancy costs of £45 million. The council does not hold out much hope, however. As we heard earlier, capitalisation permissions have been capped at £200 million for the whole of England, and a recent letter circulated to local authority leaders held out little promise of a relaxation in that limit. That leaves Liverpool city council in the invidious position of being unable to afford to keep employees on or to let them go. Believe me, it is with a heavy heart that we are making these proposed redundancies—it is not a political game.

Secondly, the council asked Ministers to rethink and recalibrate the front-loaded spending cuts, allowing it to spread them less abruptly and less painfully over the four-year spending review period. The Government are not prepared to budge on this, apparently. Instead, they will magnanimously reduce the maximum spending power cut from 8.9% to 8.8%. Thanks for the crumbs. This is a parlous state of affairs. Those who challenge the severity of local government cuts are the ones who are deficit deceivers. The so-called localism agenda is looking less and less like an experiment in local autonomy and more and more like a monumental exercise in fiscal buck passing—a wily move, but transparent.

It is becoming increasingly apparent that, for all the slick rhetoric, this is not a reconstructed Tory party, but the same old nasty Tories with a Lib Dem human shield. This Government do not give two hoots about poverty, disadvantage or inequality.

6.52 pm

Charlie Elphicke (Dover) (Con): I shall try to keep my remarks brief.

[Charlie Elphicke]

The Secretary of State has set out our position in relation to debt and the public finances. We all know that we have a structural deficit of £109 billion, and we all know how much interest per day is being paid—£120 million. The hon. Member for Liverpool, Walton (Steve Rotheram) made an impassioned plea on behalf of his city and said that we had had the discussion about the deficit and we should now move on. But that is the problem: we have had the discussion about the deficit and now we are seeing the consequence of years of overspending. We cannot get away from it. I wish we could. I did not stand for election and get sent to this House to be part of the difficult decisions that we have made. All of us as politicians love to hand out lollipops, kiss babies, cut the ribbon at the fête and do the nice things, but the sad reality is that we also have to take the difficult decisions when the nation is in the most difficult position it has been in for years.

Mr Speaker, you will recall that some years ago you sat on Lambeth council when it was under Labour control. At that time, you were a powerful advocate for the Conservative party. After your period in office, I was elected when it was a hung council. You were not able to influence events dramatically in Lambeth as you were in a minority under a majority Labour administration. In a hung situation, things were much more discursive—

Mr Speaker: Order. May I say very gently to the hon. Gentleman that although I am sure his advertisement of my curriculum vitae is well intentioned, it is on the whole undesirable for right hon. or hon. Members to invoke the past positions or experience of the Chair in support of their own arguments? I feel sure that he is dextrous enough to advance his own argument without any assistance from me.

Charlie Elphicke: I meant no discourtesy, Mr Speaker.

Moving quickly to my own history, when I was elected in 1994 we had a hung council. We had a mess to sort out. All three parties worked positively together to do that and, frankly, to look at how to un-bankrupt a council that by then had £1 billion of debt. Difficult decisions were made. The emphasis was very much on ensuring better front-line services. My experience was that although we made difficult rebalancing decisions, we were able not only to protect front-line services but to improve them quite dramatically. People on the doorstep were saying that they were now getting front-line services, as opposed to excessive bureaucracy and—I regret to say in the case of Lambeth in those times—in some cases corruption, so positive changes can be made when difficult decisions are taken and things are reworked.

One thing that I particularly welcome is the council tax position. Council tax has been increased in the last decade or so—I believe that it has doubled—to the current level of £1,439. That is an awful lot of money and a massive increase. We know that, because of the deficit, it is not possible to increase local government spending on the grant settlement side of things. We also know that people have been flayed alive for over a decade, given the amount of council tax that they have been asked to pay. I therefore particularly welcome the Government's decision to work positively with local authorities to freeze council tax. That is important to constituents such as mine who live in deprived circumstances. Many of them are elderly, and many are poor. Stopping council tax rises benefits them massively, particularly those on fixed incomes. Therefore, on the one hand, we have a set of tough decisions aimed at ensuring that we make those efficiencies, and on the other, we have managed to stop council tax rising, which is important.

I totally agree with the Secretary of State when he says that we need smarter procurement. We are doing that in Kent, with the Kent Buying Consortium. He has said that we need better asset management, too. Many people are more than aware of the position in Newham, where there is a new, flashy building that has cost an awful lot of money. We have to be much more cute about using asset management. We have the streamlining and merging of operations, and in Dover and Shepway we increasingly have shared services, so that there will be a shared chief executive and shared back office. That agenda has been embraced in Kent, which is important. It is also important to consider how best to deliver services. Suffolk county council has at times been a bit over the top with its chief officers, but it has led the way on how services can be run, with care homes operating as social enterprises. In my constituency, I am promoting the case for a care home in Deal to be transferred to a community interest company when the local authority feels unable to continue running it.

That is the right way forward. I do not think that this is a debate in which we should necessarily be partisan or throw rocks at each other, because we know the financial position. I could quote the figures showing that Labour was going to cut the budget by £5 billion—that was in Labour's pre-Budget report—and all the rest of it, but would that help matters? No, because we know the position of the nation's finances.

Andrew Bridgen: Does my hon. Friend agree that the fact that my local council in North West Leicestershire is facing budget cuts of 10% somewhat undermines the complaints made by the previous speaker, the hon. Member for Liverpool, Walton (Steve Rotheram), about Liverpool's budget being cut by 9%? Does that not prove that we are indeed all in this together? We all know who put us in it, and we should not let them forget it for one moment.

Charlie Elphicke: My hon. Friend makes a fair point. Just as when all parties in Lambeth worked together positively in the local authority's interest, it would be best if we all worked together in the national interest to ensure that all councillors, from all parties, did not try to score political points, which we have seen far too much of lately, but instead worked positively, thinking not about advancement, aggrandisement or the headlines that they might be able to get, but about their constituents. At the end of the day, we were all sent here by our constituents—whether in Liverpool, which is seeking a bit of attention, or anywhere else, it does not matter. All local authority leaders have a responsibility to give their constituents the best possible services and assistance in these extraordinarily difficult conditions.

7 pm

Hazel Blears (Salford and Eccles) (Lab): I shall keep my remarks brief, because I know that many Members want the debate to wind up. I shall have the opportunity

tomorrow afternoon to meet the Minister for Housing and Local Government together with my hon. Friends the Members for Manchester Central (Tony Lloyd) and for Blackley and Broughton (Graham Stringer). I can tell the Minister that I am looking forward enormously to looking him in the eye as I make my points on behalf of my community, which I feel incredibly strongly about.

Today, I have a terrible feeling of déjà-vu. When I came into the House 13 years ago, it was at the end of almost 20 years of Conservative Government. Before that, I was a local councillor in my community for eight years. I had spent every one of those eight years as a councillor under a Tory Government cutting budgets year on year. When I came here, our public services were on their knees. Two of my inner-city wards had 50% male unemployment, and we had 70% youth unemployment. My local council had been absolutely decimated. That was the reality of being in local government under a Tory Government, and I am sorry to say that it feels as though history might be about to repeat itself. All the progress that we have made over the past 10 to 15 years is in the process of being unravelled; we are going to go backwards instead of forwards.

Recently, I had a meeting with my chief constable, Peter Fahy, to talk about the police cuts, which we discussed here earlier today. I have a huge amount of time for him; he is an extremely good officer. He told me that what worried him most was that we would go backwards and undo all the progress that had been made. He was particularly worried that the advances that we have made for young people would be undone, because young people are the foundations for the future.

I put it to the Secretary of State that the cuts that he is imposing are unfair. They are unfairly targeted at the poorest communities, and they will undermine the foundations that we have built for the future. The education results in my city are now immeasurably improved, crime has gone down dramatically, and housing and regeneration have gone forward apace. We have Media City at Salford Quays, and we have the opportunity to build a fantastic future. This year, however, we are facing £47 million of cuts in Salford. Next year, it will be £48 million, and the year after, it will be £55 million. Those are not political choices. I do not know how the hon. Member for Harrow East (Bob Blackman) can stand up in the Chamber and make the outrageous claim that councillors who are doing their best to protect their communities are making deliberate, unnecessary political choices to cut services. That is an insult not only to Labour councillors but to Conservative and Liberal Democrat councillors. I have been a councillor, and I know how hard it is to make the kind of choices that are having to be made now.

Chris Leslie (Nottingham East) (Lab/Co-op): Does my right hon. Friend agree that some of these grant choices are not simply about fairness? For example, some of the settlements for the fire and rescue authorities could be very dangerous. In Nottinghamshire, the number of fire tender appliances is apparently going to be reduced from 36 to 30. These funding decisions are creating really serious risks.

Hazel Blears: My hon. Friend is absolutely right; we share the same concerns. The Greater Manchester fire and rescue authority has had to make even further cuts because the figures changed halfway through its budget process.

I want to make just a few observations about the position that Salford is in. The Chancellor of the Exchequer said, "We will not balance the books on the backs of the poor." However, Salford is one of the poorest authorities. We are in a consultation process with our community, and I spoke to my leader this afternoon. We are looking at the possibility of having to close libraries and one of our sports centres, as well as taking £1 million out of our youth service and £500,000 out of adult social care. Unlike many local authorities, ours has said that it still wants to provide services to elderly people who have moderate, as well as critical, needs. That has always been a priority for Salford, but we are still going to have to take £500,000 out of that service. We will also have to make a 42% cut in the Connexions service. I want my youngsters to get the skills and to have the ambition to get those jobs in Media City, but how can they aspire to that kind of future if they do not have a proper careers guidance service?

We are having to cut the citizens advice bureaux by 15%—it is the minimum we can do, but we know that people will be out of work, as we are looking at losing 450 jobs in the city. People will have debts and will need advice, so what do we have to do? We have to cut the CAB and the 60-odd independent financial advisers that we funded through the financial inclusion fund, which is about to be slashed. The amount of advice left available will be absolutely minimal. Our voluntary organisations will have to be cut perhaps by 10% to 15%. Again, Salford council is really trying to make sure that it protects those voluntary organisations, but they cannot be immune from the cuts that the rest of the service has to take.

I mentioned area-based grants. I feel strongly about them because area-based grants were specifically directed at poor and deprived areas that had extra needs. The slashing of area-based grants has disproportionately affected those living in the poorest parts of our community. In Salford, it was 11% of our total budget, and much of that money was used to tackle crime and antisocial behaviour, to provide youth services and diversion schemes and to keep young people off the streets and make the community safer. All that is about to disappear.

I genuinely feel that these cuts are unfair, despite the Secretary of State's smoke and mirrors about spending power, his new definitions and all his obfuscation of the real situation. The cuts in spending power in his area are of less than 1% next year, yet we are looking at 15% cuts in Salford. For the area of the Leader of the House, the cuts are less than 1%; for the Home Secretary's area, less than 1%; for the Culture Secretary's, the Transport Secretary's and the Education Secretary's areas, less than 1%. These are some of the most affluent parts of the country. I believe that if cuts have to be made, which they do, they must be fair—but they are simply not fair.

I say to the Secretary of State that I have a huge amount of respect for the people of this country: they are not stupid; they understand that hard decisions have to be made, but they also have a well-developed sense of justice and fairness. They will see right through what the Secretary of State is doing. Transparency will come for the Tory party's actions; people will see right through them.

I commend the campaign launched in the *Manchester Evening News*. It is a massive campaign against the cuts, urging local people to sign a petition. The *Manchester*

[Hazel Blears]

Evening News is not a partisan paper; it represents people right across the conurbation. They, too, can see the unfairness. Nine of our 10 boroughs in Greater Manchester have cuts higher than the national average. The only borough that does not is in the constituency of the Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell); that has a below-average amount of cuts. People across Greater Manchester—people in Rochdale, in Oldham and in places right across the area—know that these cuts are deeply unfair. I have no doubt that action will be taken at the ballot box in May.

My final point is about what else could be done. We heard a lot from the Secretary of State about community budgets. As he well knows, I started off my time in the Department with Total Place, which meant bringing together and pooling budgets, co-location, integrated services, systems engineering, and service redesign—all those things that Government Members have talked about. However, for major service redesign, time for planning is necessary—it cannot be done at the drop of a hat, because different skills and competences are involved and people might have to be made redundant. We have heard about the lack of capitalisation for that sort of project; it cannot be done all at once. I echo the points made by my hon. Friend the Member for Sheffield South East (Mr Betts), the Chairman of the Select Committee. Why are these cuts front loaded, which makes it so much more difficult to do the systems redesign that could result in efficiencies without the need for front-line cuts?

The Secretary of State will tell me otherwise, but I genuinely believe that the reason for having the cuts early on is that more freedom to manoeuvre—and to be more generous—will be possible in the two years leading up to the next general election. The Government will hope to reap the rewards from that. I hope that it is not the Secretary of State's intention to make a partisan political budget in this way. I would like some reassurance that he is trying to be fair rather than to seek political advantage. When we reach the two years before the election and we will have had these massively front-loaded cuts in the first two years, I will be amazed if we do not see the Secretary of State seeking some room for manoeuvre for electoral advantage.

Mr Pickles: I am grateful to the right hon. Lady who, as always, is giving a thoughtful speech. I can assure her absolutely that that it not the intention, and I can assure her absolutely that that is why we have put in extra protection for the most vulnerable.

Hazel Blears: I think that if the Secretary of State came to Salford—as the Minister for Housing and Local Government did recently—and said that he had given extra protection to the most vulnerable members of our community, he would receive the sort of typically robust Salford reply that I could not possibly use in the House.

Over the last couple of weeks, we have heard a great deal about the big society. Apparently Lord Wei is unable to do quite as much as he used to because he no longer has time to volunteer, which I thought was a wonderful irony. As the Secretary of State will know, I strongly support the underlying principles of involving the community, devolving power and introducing more plurality to the provision of public services. However, as has been pointed out by Dame Elisabeth Hoodless of the Community Service Volunteers, Thomas Hughes-Hallett, chief executive of Marie Curie Cancer Care, Sir Stuart Etherington of the National Council for Voluntary Organisations, and Sir Stephen Bubb of the Association of Chief Executives of Voluntary Organisations—none of whom are partisan people—while the Government talk of the need to empower voluntary organisations and local communities, they are making massive, deep, draconian cuts in the voluntary sector. That simply does not add up. It is totally contradictory, and it is increasing the sense of cynicism and disempowerment that exists in our communities.

If the Government have any genuine commitment to giving people the power to change their own lives, they must recognise the total incoherence and inconsistency that lies at the heart of their so-called big society. This is not community action; it is do-it-yourself. The Government are telling people, "You are on your own, with no back-up and no ability to take on roles of this kind." I know that some Members genuinely support these principles, but I fear that, given the cuts that we are seeing, they are going absolutely nowhere except into the sand.

My final plea to the Government relates to community budgeting. For goodness sake, let us get on with it more quickly. We will be able to ameliorate some of the pain that our communities will feel only if we can re-engineer our services, pool the budgets, achieve the necessary co-location, and start to address many of our current problems. At present that programme is minimalist. I think we have been told that four areas in the country might adopt community budgeting. We know what happened with the four big society areas. I ask the Secretary of State to enable us to support many more areas, so that they can provide services in a new and, I believe, more integrated way that could lead to a transformation in the provision of local government services.

7.12 pm

Tessa Munt (Wells) (LD): I do not wish to rehearse arguments that have been presented by Members on both sides of the House. Instead, I shall focus on the case of Somerset county council.

Before any funding announcements had been made, Somerset county council's leader announced to local people that he wished to make cuts amounting to £43 million. Then, in early January, he announced that he wished to make a further tranche of cuts amounting to £20 million. He said that he would close some libraries, cut bus subsidies, cut the community safety budget by 100%—which would mean the loss of our wonderful police community support officers—cut funds for the Duke of Edinburgh award and the youth clubs by nearly 100%, and cut arts funding and the voluntary sector by 100%. He also said that he would sell the county farms, which seemed ludicrous to me given that they provide a return of some 6% or 7%—more than could be obtained from any bank.

The leader of Somerset county council seems obsessed with the idea of clearing debt. He does not seem to understand that for most businesses it is quite all right

to have a mortgage or a loan. They know what the repayments will be, and they schedule them. There is nothing extraordinary about that. I do not think that I know a farmer or small business man who has saved up all his money before buying stock. Such people go to the bank and take out a loan. They know how long it will take them to repay the loan, and it is scheduled. They increase their assets, and tuck the money back into the business. That is what has happened over many years in Somerset under the Liberal Democrats.

The leader of Somerset county council has said that he wishes to make his cuts over three years rather than four, which strikes many people as a frantic attempt to clear debt. It is a bit like people paying off their mortgage or their car or fridge loan and realising that actually they do not have any money and they cannot buy food because they are so obsessed with clearing their debt.

Chris Leslie: The hon. Lady is making an important point about how politicians who are obsessed with debt reduction at the cost of everything else may well find themselves in jeopardy. Does that not remind her of the Chancellor of the Exchequer's attitude, whom I think she is supporting?

Tessa Munt: I disagree, because the situation here is that the county council has £29 million in reserves, excluding the money attached to schools, yet we have a man who wishes to put aside £15 million for redundancies, which is going to decimate the council staff, and to make cuts over three years instead of four. If he was to reschedule his debt over four years, it would be a lot less difficult for people in Somerset. Happily, as a result of campaigning by local people, three libraries have been saved: Shepton Mallet, Glastonbury and Cheddar. However, the library in Highbridge, an area that probably needs a library more than any other because there are so few facilities in that town, is still under threat.

I approached one of the Secretary of State's Ministers because I wanted to understand. There is so much confusion among local people about what is actually involved, because there is one grant and another grant, and little bits of money get thrown back and forth in conversation, and nobody really understands what is happening. I asked the Minister in question to explain to me in simple terms the situation facing Somerset. In simple terms, this year—the year ending on 31 March—Somerset has £368 million to spend, and next year, starting on 1 April, it has £360 million. That is a difference of only £8 million in spending money, which amounts to 2%. Somerset has had a fantastic deal therefore, so I do not understand the obsession that this gentleman has. Moreover, the Government have been generous in granting £42 million in capital grants. That means we can fix the roads, which are in a shocking state, and do something about school buildings. As far as I can see, the county is £20 million better off than it ever has been, and, as I understand it, the capital grant is cash, and that £42 million is about £41 million more than anyone ever expected to have.

As far as I can see therefore, Somerset has an increase in funding from central Government, and that funding is relatively generous in the current economic circumstances. I therefore do not understand why the county council leader is going to announce a series of cuts next Wednesday. If those cuts proceed and he makes those announcements on Wednesday, I will ask the Secretary of State to give me an appointment so I can come along with the leader of Somerset county council to ask that gentleman to explain himself and his actions.

7.18 pm

Mr Andy Slaughter (Hammersmith) (Lab): Hammersmith and Fulham council is closing nine of its 15 children centres this year, and by doing so it will generate about £2 million in savings. That is part of the £6 million savings in children's services, which in turn are part of the £13 million savings in social services, which in turn are part of the £27 million that the council aims to save in the coming financial year. The total over the three years is £65 million, or about a third of its budget.

Because of the policies the Secretary of State is pursuing, many councils are having to make unimaginable cuts of this kind. I want to focus on two points in respect of Hammersmith and Fulham council. First, in making those very difficult decisions it has chosen to target the most vulnerable people, and the services that all parties represented in this House say that they wish to be preserved. Secondly, it maintains a charade, with which the Secretary of State has colluded and continues collude, that it is doing this in a new way—that these are new cuts that will not affect front-line services.

In particular—this picks up the point just made by the hon. Member for Wells (Tessa Munt)—the council says that it will pay off debt, and in that way generate revenue income. It says that it will merge back-office services and in that way avoid affecting front-line services. I will break the spell immediately by saying that even if those two ideas—the merger and the disposals to pay off debt—are both successful, which is by no means certain, the total amount of money generated would be about £1 million, or 4% of the total cuts. That is what we are being led to believe is the new way of making cuts.

Before I came to this debate, I had two meetings this afternoon about Sure Start. The first was of an all-party group, to which the Minister with responsibility for children came to speak. He is an honourable man, as well as being an hon. Gentleman, and I believed what he said, which is what I have heard all the Education Ministers repeat. They believe that there is sufficient money to maintain the network of children's centres and that there is no need to attack their budgets, particularly the phase 1 centres that serve the most vulnerable groups.

That appears to be Government policy, but this is what is happening in Hammersmith and Fulham. First, the closure of the nine centres was announced between Christmas and new year—on page 34 of a report called "Family Support". Secondly, when that report came up for decision—by that time, thanks to the *Daily Mirror* and other great organs of state, a lot of the local population had been alerted to the situation—the council said, "You've misunderstood what we're doing. We're not closing any children's centres," but it then proceeded to vote through, on 10 January, the 50% budget cut that meant that those centres had to close. Having made that decision, it then began a consultation process—but that process identifies phase 1 children's centres, the budget for which is to go down from £473,000 to £19,000. Threats were made to the staff, who were not

[Mr Andy Slaughter]

informed before the closure of their centres was announced in the press. Heads of centres were told that they could not talk to me, or even to the Government, about what was happening.

To her credit; the Minister of State, Department for Education, the hon. Member for Brent Central (Sarah Teather), did say during a Westminster Hall debate that she was concerned about, and was monitoring, what was happening in Hammersmith and Fulham. If the Government want to hold their line on Sure Start, they need to address the situation in Hammersmith and Fulham. It is not just Sure Start centres; youth clubs are closing too. I received a deputation representing 1,000 young people who use a youth club just outside my constituency that is closing, and I am told that all but one of the youth centres will close. Council estates are being demolished.

I went to a meeting at an old people's home last Friday where, in order to raise £250,000, the air rights over the car park are being sold to a private school next door, so that no light will reach the old people's home. Some of those old people spend 100% of their time in that home. This is what is happening in a Conservative-controlled council in London at the moment. This is the reality of the "painless" cuts.

Those are the things that we do not hear about in Hammersmith and Fulham. What about the things we do hear about? What about the paying off of debt—that prudent way of reducing debt? That happened on Monday, when, at a meeting of the council's cabinet—I believe that the Chairman of the Select Committee, my hon. Friend the Member for Sheffield South East (Mr Betts), referred to this earlier—the disposal of nine community buildings was agreed to. Those buildings include four community centres used by more than 100 voluntary groups, all of which will be made homeless, and alternative provision will not be made for them. Those buildings include Palingswick house, an imposing building in central Hammersmith in which 22 voluntary groups occupy space. My right hon. Friend the shadow Secretary of State alluded to one of those earlier: the Afghan refugee group.

Because councils have to produce equality impact assessments when they are booting voluntary organisations out on to the street, Hammersmith and Fulham did that. It produced one for the Iranian Association, which caters mainly for refugees from the oppressive regime in Tehran: the Iranian Association was told that the alternative provision was to go to the Iranian embassy. The Kurdish Association for Refugees is also based in the building, and runs not only a cultural advice centre but a museum—one promoted by Boris Johnson on his tourist trail of London. It was told that the alternative to being booted out on to the street was to go to an organisation for the south Asian population based somewhere in east London. The Afghan refugee association was told that there were two alternative sources of provision for Afghan refugees in London, one was an Afghan restaurant and the other—as my right hon. Friend the Member for Don Valley (Caroline Flint) has already said—was the southern Afghan club, for the promotion of Afghan hounds. That is how my local community in Hammersmith is being treated by a Conservative council.

Three other community centres all came up with viable business plans that would have allowed them to continue operating from their community centres and pay a commercial rent, which would have meant that over a period of two or three years, the council would not have lost money. Without listening any further to those ideas the council voted through the proposal, and all these buildings will be sold off to produce an income of about £500,000 a year. The opportunity cost for the tens of thousands of people who will no longer have those facilities available to them, including the elderly people and the 750 kids from deprived backgrounds who go to dancing classes at one of these places, is unimaginable. But this is what the council is proud of.

The other thing that the council is proud of is the merger with Westminster city council and Kensington and Chelsea borough council, which was announced yesterday. I alluded in an earlier intervention to the Secretary of State's claim last October—he associated himself with this claim—that the move would save £100 million. When the report was published yesterday, it said that in the dim and distant future—no detail was provided—this would save about £34 million between the three councils. That is already only a third of the sum that was claimed some two to three months ago. The actual quantified savings for next year, between the three councils, was less than £3 million, and the actual sum for Hammersmith and Fulham council was £500,000. That is the big new idea. *[Interruption.]* I hear the hon. Member for Ealing Central and Acton (Angie Bray) making a sedentary comment. She represents my previous seat, and I always give her credence. She is absolutely right that £500,000 of genuine saving of back-office cost is well worth having, but it is not £27 million, £10 million or £100 million.

That sum is worth having, save for the fact that what those merger proposals envisage is not what hon. Members would like to hear—which is that the savings would come from economies of scale, procurement, and other such administrative matters. We would all support that, but instead the proposals are about creating a new entity that is not Hammersmith and Fulham, not Kensington and Chelsea, and not Westminster. It will be entirely unaccountable to the citizens of any of those boroughs, and it absolutely flies in the face of devolution and localism. No proper risk assessment has been done of the proposal, and £20 million of the notional £35 million will come from cuts in social services. I hate to think about the number of baby Ps that there will be, and the number of elderly people who will be put at risk as a result of these crazy, ill-thought-out and half-baked proposals.

There is no accountability in the arrangement. Two of the authorities have traditionally been Conservative and one has traditionally been Labour. The clear intention is to bind the hands of that authority, so that when it returns to Labour control, as it will doubtless do in three years' time, it will no longer have jurisdiction over its own spending, because that will be centred in a holding company over which none of the individual councillors has control. Is that really the future of localism in this country? That is the brave new world that the Secretary of State's favourite council has in store for us.

Mr Pickles *indicated dissent.*

Mr Slaughter: The Secretary of State may shake his head, but he is very welcome to intervene. He has called the council the apple of his eye, but it is a rotten apple of his misty eye. He needs to have a closer look and clear his vision a little.

The next time people hear about Hammersmith and Fulham council they should think not about the white heat of efficient local government, but about those Sure Start buildings that now stand empty, and the community buildings being sold to property developers or used for pet Government schemes such as Toby Young's free school. They should think, as my right hon. Friend the Member for Don Valley has said, about the old mate of the chief executive being paid a total of £700,000 over three years to manage an arm's length management organisation at the council. They should think of the six chief officers who are paid more than £150,000 a year and the £250,000 they wasted because they could not be bothered to turn off the lights at the town hall for five years.

That is the reality of Tory local government. They do not care when they waste money, and they take pride in cutting services such as the nine Sure Start centres. The second meeting I went to this afternoon was with the heads of those Sure Start organisations, who met here to campaign to keep open one of the Labour Government's great achievements. The Conservatives say they are committed to Sure Start, but the reality of Tory local government on the ground means that those services will be shut down before we can draw breath.

7.31 pm

Tony Lloyd (Manchester Central) (Lab): I have spent almost my whole political life not wanting to personalise politics, but I must say to the Secretary of State that he should be ashamed of himself for losing the battle in the Cabinet and the spending review so that local government has become the victim of his incompetence. He should be ashamed of himself because the settlement is divisive within the local government family. It will inflict damage on vulnerable authorities while, as we have heard from my hon. Friend the Member for Hammersmith (Mr Slaughter) and the hon. Member for Wells (Tessa Munt), some local authorities are feather-bedded and treated with kid gloves. This political decision of his is an outrage because in cities such as mine it will be the most vulnerable people who suffer, as my right hon. Friends the Members for Wythenshawe and Sale East (Paul Goggins) and for Salford and Eccles (Hazel Blears) and my hon. Friend the Member for Liverpool, Walton (Steve Rotheram) have pointed out. *[Interruption.]*

The Secretary of State chunters from a sedentary position. The reality is that, like previous Tory Secretaries of State for local government, he has no compassion or consideration for those who will lose their home help or for the children who will lose the life chances that people in his constituency will take for granted. What we have had from him and his Ministers is a campaign of ridiculous disinformation such as the nonsense that has been repeated by Tory Members today about £150,000 going on statues in Manchester or about the Twitter tsar who was an invention of the Minister for Housing and Local Government. *[Interruption.]* The Minister says something from a sedentary position that I cannot hear, but I am happy to give way to him if he wants to make his point. *[Interruption.]* He indicates that he will reply when he winds up. No doubt that will allow him to peddle his ridiculous fantasies again.

The Minister for Housing and Local Government (Grant Shapps): Is the hon. Gentleman saying that an advert for a new media expert for £38,000 was not placed by the council?

Tony Lloyd: I have checked and there is a communications officer, whom, the House might be interested to know, was asked to have competence in new technologies such as Twitter and is equivalent to a number of people in the Minister's Department who have the same role, the same salary band and the same competences. His Twitter tsars massively outgun Manchester's ability to communicate. He should think very carefully, because trading insults at this level does nothing for the people who are going to lose adult social services. *[Interruption.]* Does the Secretary of State want to intervene?

Rory Stewart (Penrith and The Border) (Con): Will the hon. Gentleman give way?

Tony Lloyd: I will give way to the Secretary of State. I hope the hon. Gentleman will forgive me.

Mr Pickles: Some of the problems that the hon. Gentleman is talking about relate to the working neighbourhoods fund, which was cut by the Labour party. Where was he then? Why was he not lecturing the Labour party about those cuts? He criticises us but he was silent on his constituents' behalf then.

Tony Lloyd: I invite the Secretary of State to come to my constituency any day of his choosing. We will walk around and talk to local people, and we will ask them about the record of local government under a Labour Government and under previous Conservative Governments. As my right hon. Friend the Member for Salford and Eccles said, when the Labour Government came into power in 1997, Manchester had seen services consistently destroyed. They were fragile and vulnerable. Under a Labour Government there was an improvement in standards in education, health—a much more difficult task—housing and crime and disorder. All those improvements strengthened our communities and put the cement back into our society.

That Secretary of State, who chunters away to his friends, is putting all that at risk and he is doing so deliberately. There was choice. There was choice in the Budget process that he lost with his friends in Cabinet. There was choice when he decided to put money into local authorities such as Somerset, and not to put money into local authorities such as Manchester. That is a particularly cruel cycle of choice and a cruel deception.

The Prime Minister stood at the Dispatch Box earlier today and told the House that he was guaranteeing that Sure Start centres would continue to operate. Let us talk about the reality in a city such as Manchester, which is having to cut children's services by some 25%. It has had to say that it will give up control of those Sure Start centres, and it hopes that the running of them will be taken over by the voluntary sector or possibly schools. There is no guarantee for the young people in Manchester that the Sure Start centres, which are praised by everyone on the Government Benches, will continue to operate.

[Tony Lloyd]

My hon. Friend the Member for Hammersmith says the political choice of the Tory council is to cut the Sure Start centres. In Manchester, a Labour council has to put those Sure Start centres at risk because of the actions of the Secretary of State and his friends.

Charlie Elphicke: The hon. Gentleman talks of political choices. Yes, we can talk about statues, Twitter tsars, creative directors and the junket in the south of France, but the key political choice in Manchester is to axe 2,000 jobs while there is £100 million in reserves. How can the hon. Gentleman justify that?

Tony Lloyd: I think the hon. Gentleman is either a little hard of hearing or not too fast at understanding. My right hon. Friend the Member for Wythenshawe and Sale East made the point earlier. Those balances that the Secretary of State and his Ministers have traded and which they said are there as some luxury cushion are, in the case of Manchester, allocated money.

Grant Shapps: Does the hon. Gentleman recognise that there is £108 million of non-schools money held by his local authority? Earmarked does not mean the same as allocated.

Tony Lloyd: The £64 million that will now be allocated will be for the redundancies that the Government are forcing the council to make. That is the answer to the hon. Member for Dover (Charlie Elphicke). It is a disgrace that Manchester must spend such a huge amount of money making good local government workers redundant. That is the responsibility of the Secretary of State. As a result, the things that the Housing Minister described as being merely earmarked will now not go ahead, so Manchester will lose provision and facilities because of the Government's decision.

Charlie Elphicke: The hon. Gentleman speaks of the £64 million earmarked for redundancies. What we did in Lambeth, what happens in most authorities, and what the Government are doing, is to examine the possibility of natural wastage and introduce a slower programme of voluntary redundancies, which would not mean as great a shock as the hon. Gentleman is talking about.

Tony Lloyd: Let me try to bring the hon. Gentleman forward a little in his thinking. Manchester would love to have done that. Manchester has not made compulsory redundancies—possibly it is true to say—in my lifetime. Manchester is now having to do that because the pace of the cuts that his Secretary of State is making is so rapid that it has no choice. For an authority such as Manchester, 25% of the budget cannot be taken out of the pot without that resulting in compulsory redundancies.

Paul Goggins: Does my hon. Friend agree that the comments, remarks and challenges coming from Government Members reveal a complete lack of understanding of the nature of a city like Manchester? Manchester is a world leading city. It is founded on two things—first, a strong partnership with the private sector and secondly, over recent years, having the money to invest in the communities that need it. Does my hon. Friend share my concern that their ignorance and arrogance mean that the progress that we made is put at risk?

Tony Lloyd: The only thing I disagree with is that my right hon. Friend's words are too mild, because what the Secretary of State is doing is the result of political malice. It is political malice because the simple reality is that he chose not to exercise the options that were available to him. He chose to make a local government settlement that puts at risk not only money—if it was only money perhaps we would move on—but the resources on which people depend for living their lives. It puts at risk those things that saw crime and disorder diminish in Manchester and that began to give young children in inner-city areas like mine opportunities in life that he would take for granted—the Secretary of State smiles. He is smiling while I talk about children being denied the opportunity to get on in life, because that does not matter to a Conservative Government, or to their Liberal Democrat friends and supporters. It does matter enormously, because they are brutalising our society.

Andrew Gwynne (Denton and Reddish) (Lab): Earlier, the Secretary of State mentioned extra resources for the concessionary fares for shire district councils, yet two weeks ago the Conservative and Liberal Democrat-led Greater Manchester transport authority scrapped the young people's concession and the peak-time pensioners' concessionary fare. That is the reality on the ground, and is it not another example of the unfairness?

Tony Lloyd: My hon. Friend makes an important point, because all of this is about political choice, and we have to face that squarely. The Secretary of State knows that it is about political choice, because he has form in local government. I remember when he was a national figure in local government; he is now a national figure in national government, but sadly the rhetoric and the reality have not changed. I believe that local government is fundamentally important to the lives that my constituents live. I believe that things such as swimming pools and leisure centres really do matter as part of the process of making our society more decent and more liveable and of properly giving our young people some stake in that society and some opportunity for the future. Frankly, he does not share the view that local government is the answer to our nation's problems; he regards it as part of those problems.

I must admit that I genuinely like the Housing Minister—I am sorry if I damage his future by saying so—because he is a nice man. He said that he was going to Manchester next week, so I hope that he will come and talk seriously with the people in my town hall, and perhaps in the other local authorities around Greater Manchester, because he needs to recognise that the Government have simply got it wrong. If he wants to stand at the Dispatch Box, as he will in a moment, and tell me that the cuts are not the result of brutal, cynical, malicious and political choices, he can offer to come to my city and talk through the finances. If I am right and he is wrong, and Manchester cannot possibly manage without making serious cuts in public services, perhaps he will have the good grace to admit that the Government must change their minds. I hope that that will happen, but I fear that it will not.

7.43 pm

The Minister for Housing and Local Government (Grant Shapps): It must have been an incredible experience to stand at this Dispatch Box for the local government

finance settlement in any of the past few years and announce on a whim yet more money being piled up and sent around the country in various directions. Unfortunately, we do not live in that kind of world today, and the sad thing is that we did not live in that kind of world even then. The previous Government thought that they had money to spend, but the truth was that it had long since been spent. A year ago, all they were doing was standing here and spending money that had never been raised, that was not available and that would actually have to come from the children of every Member of the House and of all our constituents for many years to come.

At the election, people had a choice, and their decision was to elect a Government who were primarily going to get on with cutting the deficit. Today, however, there has been not a word of apology from the Opposition for getting us into that enormous financial mess that meant that this country had the highest deficit of any country in the western world—of any OECD top 20 country. Do they recognise that as a fact? Do they understand where things went wrong? Are they here today to apologise and to show that they are going to set a new path? Absolutely not, because as we saw at lunchtime the policy vacuum on the Opposition Benches is quite literally a booklet with empty blank pages inside.

There has been no response and no sense of where those cuts would fall. The Opposition do say that there would be some cuts; it is just that we are not allowed to know where they would fall. The Opposition accept that local government spends a quarter of all government money, but it seems that none of those cuts would be in any way painful under their budget, which, they say, would halve the deficit over this Parliament.

Halving the deficit, however, is not enough. I believe there is a fundamental misunderstanding of how this country's accounts work. Indeed, perhaps that was the problem over 13 years: the previous Government did not understand that, if we only halve the deficit, we will still pile up debt. The figure of £44 billion, which we are currently spending at record interest rates just on repaying the interest alone, would have gone up to £70 billion and more, yet the Opposition have not a single answer—not a single penny—to offer up to this debate. Therefore, their contribution has been all but pointless.

Mr Betts: The right hon. Gentleman refers to past debates. Can he point to any occasion over the years when the Opposition Front-Bench spokesperson said that the Government were providing too much money to local councils? Can he provide one example of a Conservative MP saying, "My council's getting too much money in this settlement"?

Grant Shapps: The Chairman of the Communities and Local Government Committee is absolutely right: my colleagues and I have been reflecting over the past few weeks, when the representatives of many local authorities throughout the country have been to see us, on what it must have been like to have been in a previous Administration, when one could believe that money was no object—that one could simply get this thing from the money tree and spend it as one wished by giving higher and higher settlements to every authority that came to visit. How wonderful it must have been, but I am afraid that the truth, the reality, has come home to roost, and once again we are left to sort out the mess that Labour has left us with.

Having accepted that there should be some reductions, it was not as if the right hon. Member for Don Valley (Caroline Flint), who shadows the Department, was able to agree with any of the methods that might be used to make reductions without harming front-line services. In fact, she went so far as to ridicule my hon. Friend the Member for Daventry (Chris Heaton-Harris) because he mentioned in an intervention that Hampshire council has just announced that it will cut £7 million next year by cutting the senior management salaries and work force. That was pooh-poohed as impossible. Well, for the sake of clarity, I have managed to get hold of a copy of that detailed information, and my hon. Friend was wrong: it is not £7 million that will be saved by cutting senior management; in fact, it is £7.9 million.

The idea that money cannot be saved or that leadership cannot be shown by example when senior people take a cut, as Ministers in this Government have with a five-year pay freeze, or that that does not have an impact further down the line on the rest of senior and middle management, has been blown apart. The authorities that have taken such steps have found it much easier to sell to the rest of the authority the difficult decisions that have had to be made.

Nor is the right hon. Lady correct when she talks about the £10 billion of reserves. There are £10 billion of reserves for local authorities, as has already been pointed out in an intervention, but the right hon. Lady says that 70% of it has been earmarked, and, in that, she makes a fundamental mistake, which I am surprised about, because she was in this Department when in government. The reality is that "earmarked" is not the same as "spent" or "allocated". "Earmarked" does not mean that the money cannot be used in the intervening period to ensure that front-loaded reductions, which we have heard a lot about, can be handled in a much better way.

My hon. Friend the Member for Isle of Wight (Mr Turner) raised a serious technical issue that he had already come to ask us to look at again. We did do that, but we could not find in favour of his local authority. However, I say to him and to all other hon. Members that we thought that the concessionary fares mess that had been left by the previous Government required some assistance to sort out between the two tiers of government. I hope that that is helpful.

The Chairman of the Select Committee, the hon. Member for Sheffield South East (Mr Betts), referred particularly to front-loading. As I said to the right hon. Member for Don Valley, it is possible to use earmarked funds that are in the reserves. I invite the hon. Gentleman's Committee to look at this again, as there seems to be some misunderstanding. I welcome the fact that he welcomes the end of ring-fencing, which had been called for very widely across government and the Local Government Association. Ring-fencing has been un-ring-fenced by some £7 billion, and that has given local authorities a lot more flexibility. We have taken 90 separate budgets and combined them into just 10, meaning that local authorities that are savvy and understand that the situation has changed are able to move much more quickly.

The issue of business rates was raised by the hon. Member for Sheffield South East and others. There is a suggestion out there, which is gaining some credibility, that if business rates were collected at a higher level

[Grant Shapps]

than the entire local government finance settlement, then the difference could be redistributed somewhere down the line. People need to understand that if business rate collection goes up or down, the amount that goes to local authorities is identical; it makes no difference. The amount that goes to local authorities is set out in the spending review envelope; it is insured by the Treasury, as it were. I hope that that clarifies the situation.

Caroline Flint: There is huge concern up and down the country that there will be a future Tory policy to localise business rates, which would not deal with the inequalities in terms of opportunities to raise funds through businesses. Can the right hon. Gentleman assure me that that will not be a policy of this Government?

Grant Shapps: I am pleased to be able to provide the right hon. Lady with the reassurance that she needs. A redistributive approach will have to remain in whatever system is put in place. I will return to that in a few moments.

My hon. Friend the Member for Harrow East (Bob Blackman) made several good, intelligent points. He called for a settlement that is more predictable because it is provided for more years in a row. As the House knows, we have made a settlement for this year and for next year, after which time we intend entirely to reform the system to do what everyone has called for, which is to dump the failed redistributive formula grant system in which, as the Chairman of the Select Committee pointed out, everybody, even in the good years, complains that it has been poor for them.

My hon. Friend provided a very useful list of different things that local authorities could do before they start savagely cutting the front line, as in the case of some authorities in the past couple of days. Members will do well to refer back to that list in *Hansard* to see all those different methods. Until an authority has run through each one of the ideas that he presented, it has no right to be cutting the services of the most vulnerable in society.

The hon. Member for Liverpool, Walton (Steve Rotheram) made a very impassioned speech. I have seen some of the things that his local authority has done; the £4.5 million that it saved by cutting some of the senior management is of course the right way forward. However, he says that his council is still incredibly badly off. Let me make this simple point to him: while Liverpool is experiencing a reduction in its funding formula of 11.3%, my Hertfordshire council is experiencing a reduction of 16.1%. This Government have gone out of their way to try to protect the most vulnerable, and it is about time it was recognised that the spending formula was designed to do that.

The hon. Gentleman made another claim that was extraordinary and, as much as he may not realise it, untrue—inadvertently, I am sure. He said that his local authority is cutting Supporting People by 30%. If that is true, his local authority is getting it wrong. Supporting People is one of the budgets that we have protected way more than the general picture. There is a reduction of less than 1% in cash terms on average in the Supporting People budget over the next four years. I will give way to the hon. Gentleman so that he can put pressure on his local authority not to slash it, given that the Supporting People budget is largely protected at national level.

Steve Rotheram: If I can prove that it is 30%, will the Minister give us back the other 29% so that we suffer only a 1% cut, which is the national average?

Grant Shapps: As the hon. Gentleman knows, the grant formula—*[Interruption.]* Members would do well to listen to this point because it affects many constituencies. The simple fact is that Supporting People is paid for through the formula grant. Given that we know for a fact that there is not a reduction in spending power of more than 8.8% in his constituency, it cannot be the case that the Supporting People budget has fallen by the claimed 30%, so I take him up on his challenge.

My hon. Friend the Member for Dover (Charlie Elphicke) made the worthwhile point that local authorities have been protected from having to raise council tax by the £650 million from central Government.

The hour is late and I do not want to detain the House. There is a clear division between authorities that have taken the necessary steps and those such as Manchester city council, which yesterday claimed that it has to make a 25% reduction.

Caroline Flint: Will the right hon. Gentleman give way?

Grant Shapps: I was going to conclude, but I will give way on this point.

Caroline Flint: I am aware of the time and I appreciate the right hon. Gentleman giving way. The person who stated that 25% of the net budget of Manchester city council will go over the next two years was its treasurer—a statutory officer of Manchester city council. I suggest that when the right hon. Gentleman is up there, he speaks to that gentleman, because I believe that that gentleman is right and that the right hon. Gentleman is wrong.

Grant Shapps: Here is a simple fact for the right hon. Lady: the reduction in spending power over the next two years is 15.5%. Yesterday, Manchester city council called a press conference to say what it will not do over the next two years. It says that it is going to cut the budget by 25% over that period, when the reduction is only 15.5%.

To conclude, it is that side of the House and those authorities that are failing to protect the most vulnerable in society. Thank goodness for the coalition Government.

Question put.

The House divided: Ayes 292, Noes 197.

Division No. 198] **[7.57 pm**

AYES

Adams, Nigel	Barclay, Stephen
Afriyie, Adam	Barker, Gregory
Aldous, Peter	Baron, Mr John
Alexander, rh Danny	Beith, rh Sir Alan
Amess, Mr David	Bellingham, Mr Henry
Andrew, Stuart	Benyon, Richard
Arbuthnot, rh Mr James	Berry, Jake
Bacon, Mr Richard	Bingham, Andrew
Bagshawe, Ms Louise	Binley, Mr Brian
Baker, Norman	Birtwistle, Gordon
Baldry, Tony	Blackman, Bob
Baldwin, Harriett	Blackwood, Nicola

Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Prisk, Mr Mark
Pritchard, Mark
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Swales, Ian
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Williams, Mr Mark
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George

Tellers for the Ayes:
Mr Shailesh Vara and Norman Lamb

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian

Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Cairns, David
Campbell, Mr Alan
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Coaker, Vernon
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Engel, Natascha
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Healey, rh John
Hendrick, Mark
Heyes, David
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
Johnson, Diana
Jones, Graham
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Love, Mr Andrew
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Stringer, Graham
Stuart, Ms Gisela
Thomas, Mr Gareth
Trickett, Jon
Turner, Karl
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Mark Tami and Angela Smith

Question accordingly agreed to.

Resolved,

That the Local Government Finance Report (England) 2011-12 (House of Commons Paper No. 748), which was laid before this House on 31 January, be approved.

LOCAL GOVERNMENT FINANCE

Resolved,

That the Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2011-12 (House of Commons Paper No. 774), which was laid before this House on 31 January, be approved.—*(Mr Dunne.)*

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

Immigration

That the draft Immigration and Nationality (Fees) Order 2011, which was laid before this House on 24 January, be approved.—*(Mr Dunne.)*

Madam Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 16 February (Standing Order No. 41A).

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)).

Terrorist Finance Tracking Program

That this House takes note of European Union Documents No. 11048/10, relating to a draft agreement, No. 11173/10, relating to a draft Council Decision on the signature of the agreement, and No. 11172/10, relating to a draft Council Decision on the conclusion of the agreement between the European Union and the United States of America on the processing and transfer of financial messaging data from the European Union to the United States for the purposes of the Terrorist Finance Tracking Program;

agrees that the programme is an extremely important tool in the global counter-terrorism effort, providing valuable contributions to numerous high profile cases; and notes that the programme has achieved an appropriate balance between counter-terrorism and data protection.—*(Mr Dunne.)*

Madam Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 16 February (Standing Order No. 41A).

PETITION

Mobility Component of Disability Living Allowance

8.10 pm

Duncan Hames (Chippenham) (LD): I wish to present a petition opposing the proposed withdrawal of the mobility component of disability living allowance from those living in state-funded care homes. The petition is signed by 135 members of Chippenham Gateway club in my constituency, a volunteer-run social club for those with long-term learning difficulties or mental health problems.

The petition states:

The Petition of members, volunteers and supporters of the Chippenham Gateway Club,

Declares that the Petitioners are opposed to the Government's proposal to stop paying the Mobility Component of the Disability Living Allowance for disabled adults in residential care; and notes their concern that this proposal would have a devastating impact on the Chippenham Gateway Club and similar clubs for members with learning difficulties/mental health issues throughout the UK.

The Petitioners therefore request that the House of Commons urges the Government not to stop paying the Mobility Component of the Disability Living Allowance for disabled adults in residential care.

And the Petitioners remain, etc.

[P000884]

Domestic Heating Oil

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Dunne.)*

8.12 pm

Pat Glass (North West Durham) (Lab): Mine is a large constituency. I have urban areas to the north-east and a very large rural area running right up to the Cumbrian border. It includes two areas of outstanding natural beauty and many areas of special scientific interest. Very many of my constituents are "off gas" and rely on heating oil and bottled gas, and some of these would be classified as the rural poor or living in fuel poverty.

I have been made aware in recent months that there are issues in the domestic oil fuel market—rising prices and a lack of regulation and competition—but it has become clear from the level of constituency contact and from the level of desperation expressed that a crisis has been building up since summer last year.

Mr Kevan Jones (North Durham) (Lab): Does my hon. Friend agree that in a constituency such as mine, which is a rural constituency next door to hers, many people do not have a choice about whether to use oil, because there is no access to gas or another alternative fuel?

Pat Glass: I agree, and that is true in many constituencies.

When I contacted the office of the Secretary of State for Energy and Climate Change on this issue in early December, I was told that it did not believe that there was a problem and that it did not intend to do anything about it. This contrasts sharply with the experience of my constituents. Mr Kimber, who contacted me on 6 December, told me that the price of heating oil back in early October was 44p a litre. He said:

"Yesterday I obtained a quote online and was shocked to see the price had risen to 65 pence per litre. Today I obtained another quote from the same company and the price has gone up to 79 pence a litre today. How can this be now that the roads are free of snow and passable in nearly all areas locally?"

Mark Tami (Alyn and Deeside) (Lab): My constituency is similar to my hon. Friend's and also has a rural part to it. People have told me not only that the price has gone up, but that an extra transport cost is loaded on if people want delivery within a short period of time.

Pat Glass: Absolutely. Indeed, another constituent, Mrs Green, told me:

"The cost of heating oil is now nearly 100% higher than just two months ago yet oil prices have increased by just 10%. How can this be justified?"

The answer is that it simply cannot be justified. Indeed, when I and other Members started to ask questions about this issue, I was contacted by a number of people working in the heating oil industry who told me that their employers were telling them to refuse to accept orders of less than 1,000 litres. That meant that members of the public were being refused deliveries unless they were prepared to pay £800, plus the cost of delivery, and let us remember that this was just before Christmas.

Tessa Munt (Wells) (LD): I am grateful to the hon. Lady for giving way. Does she agree that that also applies in rural Somerset? We even have oil co-operatives

[Tessa Munt]

in rural Somerset, members of which were running out of heating fuel as the winter months came on and the weather got bad, yet they were being charged the same excessively high prices when they were taking the trouble to drive on snowy roads to collect the oil, in containers that they had to purchase for £6 or £7 a piece. Therefore, even people who were not paying delivery charges were paying the equivalent sum, which did not include delivery.

Pat Glass: Absolutely.

Mr Mark Williams (Ceredigion) (LD): I also congratulate the hon. Lady on securing this debate and on reiterating how important it is to rural areas. The problem that she described, where oil companies deliver much larger quantities, was compounded by the fact that a lot of them were not telling the customers that they were doing so until the invoice arrived. People who were expecting bills of £200, which is bad enough, were then hit with bills of £800.

Pat Glass: Absolutely, and I am happy to give way to hon. Members from across the House, because this debate is about an issue that affects all our constituencies.

When I first started to investigate the domestic heating oil industry, it became clear to me that it operates in a completely unregulated market, where suppliers can do exactly what they choose. A number of takeovers and mergers in recent years have led to the supply industry being owned by two or three companies. All that has happened quietly, without reference to the Office of Fair Trading or the Competition Commission. Prices are being driven up not by world shortages or global increases in the price of oil, although there is some of that. Rather, prices in this country have gone up by 100% in a very short space of time largely because suppliers have been clearly taking advantage of people in desperate need during the coldest winter in a generation.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): I am grateful to the hon. Lady not only for allowing me to intervene, but for bringing this issue to the House. Does she agree that one of the fundamental issues in this debate is the fact that people in rural areas often do not have a choice? The problem with the market is that people do not have a choice over either the oil that they use or the suppliers available to them.

Sarah Newton (Truro and Falmouth) (Con) *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. The hon. Member for North West Durham (Pat Glass) should get a word in edgeways before she gives way to another Member, if only to help me remember whose Adjournment debate this actually is.

Pat Glass: I absolutely agree with the hon. Lady, and I want to give way to as many Members as possible.

Sarah Newton: I appreciate the hon. Lady's generosity in giving way to so many of us, because this debate is clearly about a huge problem across the country. I represent a part of Cornwall where, just as the hon. Member for Banff and Buchan (Dr Whiteford) said, there is no choice for people who are off gas. There is no choice of distributors, given what has been happening in the market.

Pat Glass: I am happy that the Minister will be able to speak for himself when the time comes. No doubt he will give us his wisdom on that.

Customers are in the worst possible situation; it is a perfect storm. The market is completely unregulated. Added to that is a lack of competition in the market, where many suppliers are owned by just one or two companies, and suppliers are prepared to charge exorbitant prices simply because they can. On top of all that is the fact that we have just had the coldest winter in living memory.

The biggest supplier is DCC Energy, an Irish company that says it supplies a quarter of this country's domestic market. It owns 41 heating and oil distribution companies and five price comparison websites. The websites of those 41 wholly DCC-owned companies state that they are independent, and none discloses the extent of DCC's hold on the British market. DCC has recently been on a spending spree, buying up regional companies. It owns five price comparison websites, including BoilerJuice.

When I and others first raised this issue in the House, *The Sunday Times* carried out an investigation. It found that BoilerJuice, which is owned by DCC, only compared prices between DCC-owned companies, and that its so-called best deals were up to 65% higher than those of genuine independents. If that is not a deliberate intention to mislead customers, I am not sure what is. Since *The Sunday Times* outed BoilerJuice, prices have dropped by as much as 63%, which DCC has said was due to "fluctuating market prices", but neither *The Sunday Times* nor I could find anything fluctuating in the market other than DCC's panic.

Energy experts have advised me that DCC might actually control up to 50% of this country's domestic heating oil market. GB Oils, another big company that is seemingly independent, is in fact a subsidiary of DCC Energy. NWF Fuels is another big player. It markets 14 different brands, including Pace, Fuelcare and WCF Fuels. On the surface, this looks like a market in which there are many suppliers and in which competition will work to keep down prices, but it is quite the opposite.

Jim Shannon (Strangford) (DUP): The hon. Lady has been very generous in giving way to Members on both sides of the Chamber. She said that she wanted to get input from right across the House and across the United Kingdom, and I should like to give her an example from Northern Ireland. Oil comes through the port of Belfast and is then farmed out to all the different areas across the Province. It is the same oil, yet the price fluctuates between £20 and £30 per 800 litres. Does she agree that that is another example of why regulation is much needed?

Pat Glass: I certainly do.

Roberta Blackman-Woods (City of Durham) (Lab): The whole House will be concerned by the points that my hon. Friend is making, not only about prices and the way in which these companies operate, but about the fact that they seem not to have been considered at all by the Competition Commission? Does she intend to refer the matter to the commission?

Pat Glass: I want to hear what the Minister has to say. Then I will make a decision on that.

In its recent investigation, *The Sunday Times* found that, on any given day, those price comparison sites quoted exactly the same price, right down to two decimal points. DCC and the other companies that control large parts of the market deny that they are exploiting their market share unfairly to raise prices, or that a cartel is operating to fix prices, but I suggest that the Minister look at the evidence. If he does, he will be able to draw his own conclusions, as I did.

As a new Member, I have been really pleased that we can come to the House and raise issues such as these, when we see a clear injustice in the market, and that they are taken up by the press. These debates are a really powerful tool. Once I and other hon. Members started to raise this issue and the press picked up on it, I was contacted by many people from all across the country. Their interest is echoed by the interest shown here tonight. People were contacting me from places as far apart as south Kent and Northern Ireland. This is not just about my constituency; it is about all our constituencies.

I am grateful that the Government have finally agreed that there is a problem with this market. They have reluctantly and, I have to say, tardily referred these matters to the Office of Fair Trading. There are several questions that I would like the Minister to answer today. When I and others contacted the Department in early December to ask what it intended to do about this, why were we told that the Department did not believe there was a problem and that it did not intend to do anything about it? Why did it take a crisis and investigation by the press before the Minister was prepared to refer this to the Office of Fair Trading? Will he ensure that I and other hon. Members who have raised these issues are able to feed into the OFT investigation? When does he intend to regulate this market either by extending the role of Ofgem or by creating a regulator for the domestic oil and gas industry? Finally, what messages can I give to the many people who have contacted me and other MPs about the actions that the Government intend to take now and in the future to ensure that they are exploited no further?

8.25 pm

The Minister of State, Department of Energy and Climate Change (Charles Hendry): I congratulate the hon. Member for North West Durham (Pat Glass) on securing this debate and on the persistence that she has shown in raising this matter over a number of weeks, both before Christmas and subsequently. I thank her for the correspondence I have received from her. She is absolutely right that this matter affects not just one part but every part of the United Kingdom—very much including Northern Ireland, because of the number of off-gas grid customers who live there. Every part of the country is affected, which is why we take the issue so seriously.

Speaking as a Member with a heavily rural constituency, I am sure that the hon. Lady will understand that I am sympathetic to the plight of many off-grid energy consumers—many living in rural areas, but not exclusively so—who were hit hard by high domestic heating prices and serious supply problems during the severe weather this Christmas. Many of them are fuel-poor, as the hon. Lady says, and as the hon. Member for Banff and Buchan (Dr Whiteford) said, many have no choice but to be off the gas grid because the gas grid simply does not exist where they live.

Tessa Munt: I would like to draw attention to some of my constituents who took the trouble to join an oil co-operative in a rural area, but still got hit by this problem. I was contacted, and I would like the Minister to look at the letter that I forwarded to his office. It was from a couple of pensioners who wrote to point out that they would have had to spend between three and three and half months'-worth of their pension money on fuel over the year. That makes a mockery of what is happening in this market.

Charles Hendry: I will certainly look into those matters, and I hope that the hon. Lady has also referred them to the Office of Fair Trading, because that would provide exactly the sort of evidence that it is looking for to contribute to its investigation of this market.

I have been extremely concerned about the many representations that I have received from hon. Members on both sides of the House over the past few weeks, which clearly showed me that the market was not working as we would expect it to do. People who could not afford to pay those bills simply had to make a choice about whether to go without heating or without something else at a very difficult time of the year.

Alex Cunningham (Stockton North) (Lab) *rose—*

Charles Hendry: I will give way now, but not again, as I am keen to address the points raised in the debate.

Alex Cunningham: I am grateful to the Minister. Millions of people have been taken out of fuel poverty over the last decade or so, with the help of a massive investment, but it strikes me that with the demise of the Warm Front scheme in particular, the Government are now doing less about fuel poverty. I hope that the Minister will reassure us that more will be done in future.

Charles Hendry: I am sorry that that introduces a political note into a debate that has been non-partisan thus far. The Labour Government were committed by law to remove all vulnerable households from fuel poverty by 2010—and their record was one of dismal failure. In fact, the number was up by 3 million on the previous year. That is not exactly a record on the basis of which the hon. Gentleman should be preaching to us.

Underlying many of the complaints are concerns about the challenges of supplying energy to rural communities, and about whether the current market structure provides the reassurance that consumers can get fuels for heating at a price they can afford. There is a specific commitment in the coalition programme to help those in remote rural areas with their fuel costs, as well as to extend protection and support to off-grid energy consumers.

As a shadow Minister last year, I raised many of the issues that the hon. Member for North West Durham has raised now, and I was told that this was how the market had always worked. I am pleased that as a Minister, I have now been able to act on some of those concerns.

As I noted in the fuel poverty debate in January, a significant amount of concern has been expressed by the public, as well as by this House, about the domestic heating oil market. That is clear from the numerous parliamentary questions on the subject, and the issue has featured prominently in my postbag both as a Minister and as a constituency Member of Parliament.

[Charles Hendry]

As we all know, the price of heating oil is influenced by a range of factors. They include refinery capacity, stock levels, distribution costs, retail margins and exchange rates. Crude oil prices—which increased by 24% between the end of September the end of January—and seasonal factors also play a role. There were additional costs this winter because of the extra overtime that resulted from our relaxation of drivers' hours.

The United Kingdom has traditionally operated an open and competitive market for oil and petroleum products, which we believe provides the best long-term guarantee of competitive prices for the consumer. In the light of that, the Government cannot and should not seek to control or influence oil prices, but safeguards exist through the Office of Fair Trading and the Competition Commission to ensure that competition is fair.

As an independent and professional organisation, the OFT plays the leading role in promoting and protecting consumer interests throughout the United Kingdom, ensuring that businesses are fair and competitive. Its tools to carry out that work are the powers granted to it under consumer and competition legislation. It has a wide range of enforcement tools at its disposal. For instance, under the Competition Act 1998 it can impose heavy financial penalties on companies guilty of breaching competition law, and can refer them to the Competition Commission for closer examination. I urge Members to raise their concerns and those of their constituents directly with the OFT if they have evidence of market abuse. I know that many Members have already done so. They should note that the OFT never confirms or denies the existence of investigations of specific companies, so that it can do its work as independently as possible.

On 21 January I made a written ministerial statement on the off-grid energy market. I noted that the OFT had been consulting on its annual plan to help to determine its work programme for 2011-12. That included proposals to prioritise markets affected by high, rising and volatile commodity prices. The off-gas grid energy market is clearly one such affected market. I am keen for the reasons for the high prices and supply issues affecting domestic consumers to be investigated thoroughly by an independent professional authority such as the OFT.

The recent winter also raised various questions about the minimum volume for heating oil orders. I thank the hon. Lady for the attention that she has given to that issue. Bulk supply by tanker is the most economic form of delivery for heating oil. According to the Federation of Petroleum Suppliers, the meters fitted to most road tankers used to deliver heating oil have a minimum delivery volume of 500 litres, and below that volume the meters are not sufficiently accurate to meet regulation on weights and measures. A while ago, the hon. Lady expressed concern to me about a requirement to take 1,000 litres. That should undoubtedly be investigated, because it does not appear to be borne out by our technical investigations. Pre-packaged smaller volumes of heating oil in containers are available, although the price per litre is often significantly higher than tanker delivery prices, owing to the additional packaging, storage and distribution costs.

As I said in my written ministerial statement, in response to the OFT's consultation on its annual work programme I wrote to John Fingleton, the chief executive of the OFT, on 19 January asking him to bring forward its competition and consumer study of off-grid energy. The issues involved became particularly acute during the immediate run-up to Christmas. When I tried to order oil for my own home in early December the price was 40p a litre. Three weeks later it was 70p a litre. The severe weather compounded the problems, making a difficult situation potentially catastrophic. We owe a debt of gratitude to the delivery companies and their drivers, who worked long hours, often in difficult conditions, to try to ensure that they reached every home that was running out of oil before Christmas. They did not quite reach everyone, but they improved the position massively.

I also suggested to John Fingleton that the study should explore longer-term consumer issues such as lifetime payback, consumer standards, and labelling for alternative energy sources or supplies. Such a study would provide an independent assessment of the off-grid market, and would be immensely helpful in establishing what further action might be necessary to ensure that it worked properly.

Following my letter and other discussions with my Department, I was pleased when the OFT announced on 25 January that it had brought forward its study to allow time to consider any recommendations before the next winter, and in the light of increasing public concerns about aspects of the market. There will be a market study under powers granted by the Enterprise Act 2002 to examine all issues concerning energy supply to off-grid customers. The OFT is now consulting on the precise terms and scope of its study before the investigation itself formally begins in March.

The OFT proposes that the study should cover the whole of the UK, and has suggested a number of themes including the following: how well competition provides choice for consumers at a local and regional level, in respect of which the monopolistic issues to which the hon. Lady referred are clearly relevant; whether the terms and conditions of supply provide consumers with clear information, competitive prices and fair terms and conditions, which should include addressing the issues the hon. Lady raised in relation to websites which the public would assume are independent; and the experience of customers. The OFT proposes to survey the views of off-grid energy users around the UK. In addition to the Department of Energy and Climate Change, the Scottish Government, the Welsh Assembly Government, the Northern Ireland Executive, the Department for Business, Innovation and Skills, the Department for Environment, Food and Rural Affairs and trading standards departments will be involved in this work, to ensure that the full range of concerns are taken properly into account.

The OFT will work closely with Ofgem where issues overlap with those within Ofgem's jurisdiction. While the study's focus is not specifically on access to, or use of, the gas and electricity networks, the OFT will be working closely with Ofgem to assess the interaction between access to networks and the development of the off-grid renewables market. The OFT proposes that the market study should consider the supply of off-grid energy, to cover a wide range of domestic energy sources including heating oil, liquefied petroleum gas and renewable energy from a range of sources.

As the Competition Commission completed an in-depth investigation of the LPG market in 2006, with market orders from 2009 to enable switching between suppliers,

the OFT also proposes to focus on the effect of those orders so far. The OFT retains an ongoing statutory duty to consider from time to time whether the orders are being complied with. Market studies by the OFT involve an analysis of a particular market with the aim of identifying and addressing any aspects of market failure, from competition issues to consumer detriment, and the effect of Government regulations. This can result in a range of different outcomes. There can be enforcement action by the OFT. There can be a reference to the Competition Commission. There can be recommendations for changes in laws and regulations. There can be recommendations to regulators, self-regulatory bodies and others to consider changes to their rules. There can be recommendations to specific businesses. There can be campaigns to promote consumer education and awareness. Alternatively, a clean bill of health can be issued. It is at this point that we will need to decide whether additional regulatory powers are necessary.

The consultation by the OFT closes on 28 February. The OFT has asked to receive representations from interested parties on the planning scope and issues for the study before formally carrying out its investigation of the off-grid energy market. I reiterate that a market study is distinct from an investigation. A market study is not about any particular company or business, but instead considers the overall market structure. Investigations into specific companies will be prompted by direct evidence of market abuse, and be undertaken separately.

I therefore encourage hon. Members on both sides of the House to participate actively in the investigation, and to raise their constituents' concerns directly with the OFT. We have listened to the concerns expressed from every part of this country, from every political party and from all types of different communities, and we have decided that a full investigation into the way this market is working is now appropriate.

I am very pleased that the OFT is going to take forward that work formally. I believe that it will enable us to ensure that we can learn from the problems experienced this winter and go forward into next winter with a market that is more fit for purpose, so that all our constituents can benefit as we would wish them to do.

Question put and agreed to.

8.39 pm

House adjourned.

Deferred Divisions

Financial Stabilisation Mechanism

That this House takes note of European Union Documents No. 9606/10, relating to a Council Regulation establishing a European financial stabilisation mechanism, No. 12119/10, relating to a draft amending budget No. 7 to the General Budget 2010—Statement of expenditure by Section—Section III—Commission, and No. 17361/10, Commission Communication on the European Financial Stabilisation Mechanism; supports the Government's view that whilst it is in the interests of all Member States to support a stable and fully functioning euro area, financial assistance for euro area Member States should primarily be provided by other euro area Member States; and supports the Government's position that the United Kingdom should not be required to contribute to the European Stability Mechanism that will permanently replace both the European Financial Stability Mechanism and the European Financial Stability Facility.

The House divided: Ayes 297, Noes 45.

Division No. 194]

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davidson, Mr Ian
Davies, David T. C. *(Monmouth)*
Davies, Glyn
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duddridge, James
Dunne, Mr Philip
Edwards, Jonathan
Ellis, Michael
Ellwood, Mr Tobias
Elphicke, Charlie
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Freeman, George
Fullbrook, Lorraine
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hermon, Lady
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Horwood, Martin
Hosie, Stewart
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kirby, Simon
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Llwyd, Mr Elfyn
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lucas, Caroline
Lumley, Karen
Macleod, Mary
MacNeil, Mr Angus Brendan
Mahmood, Mr Khalid
May, rh Mrs Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Parish, Neil
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Prisk, Mr Mark
Pugh, John
Randall, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe

Smith, Henry
Smith, Julian
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Swales, Ian
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Wharton, James
Wheeler, Heather
White, Chris
Whiteford, Dr Eilidh
Whittingdale, Mr John
Willetts, rh Mr David
Williams, Hywel
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wishart, Pete
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

NOES

Baron, Mr John
Bone, Mr Peter
Brady, Mr Graham
Buck, Ms Karen
Campbell, Mr Ronnie
Carswell, Mr Douglas
Cash, Mr William
Chope, Mr Christopher
Clappison, Mr James
Corbyn, Jeremy
Cunningham, Tony
Davies, Philip
Davis, rh Mr David
Denham, rh Mr John
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Durkan, Mark
Field, rh Mr Frank
Freer, Mike
Hoey, Kate
Hollobone, Mr Philip
Jenkin, Mr Bernard
Main, Mrs Anne
Mann, John
McCabe, Steve
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McDonnell, Dr Alasdair
Mitchell, Austin
Nuttall, Mr David
Owen, Albert
Paisley, Ian
Pritchard, Mark
Ritchie, Ms Margaret
Robinson, Mr Geoffrey
Shannon, Jim
Shepherd, Mr Richard
Skinner, Mr Dennis
Stuart, Ms Gisela
Tami, Mark
Vaz, rh Keith
Walker, Mr Charles
Walley, Joan
Whitehead, Dr Alan

Question accordingly agreed to.

POLICE

That the draft Police and Criminal Evidence Act 1984 (Codes of Practice) (Revision of Codes A, B and D) Order 2010, which was laid before this House on 17 November, be approved.

The House divided: Ayes 501, Noes 18.

Division No. 195]

AYES

Abbott, Ms Diane
Abrahams, Debbie
Adams, Nigel
Afriyie, Adam
Ainsworth, rh Mr Bob
Aldous, Peter
Alexander, rh Danny
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Amess, Mr David
Anderson, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Austin, Ian
Bacon, Mr Richard
Bagshawe, Ms Louise
Bailey, Mr Adrian
Bain, Mr William
Baker, Norman
Baldry, Tony
Baldwin, Harriett
Balls, rh Ed
Banks, Gordon
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barron, rh Mr Kevin
Barwell, Gavin
Bayley, Hugh
Bebb, Guto
Beckett, rh Margaret
Begg, Dame Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Bellingham, Mr Henry
Benn, rh Hilary
Benton, Mr Joe
Benyon, Richard
Beresford, Sir Paul
Berger, Luciana
Berry, Jake
Betts, Mr Clive
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackman-Woods, Roberta
Blackwood, Nicola
Blenkinsop, Tom
Blomfield, Paul
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Bradshaw, rh Mr Ben
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brennan, Kevin
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Brown, rh Mr Nicholas
Brown, Mr Russell
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Buckland, Mr Robert
Burden, Richard
Burley, Mr Aidan
Burnham, rh Andy
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cairns, David
Cameron, rh Mr David
Campbell, Mr Alan
Campbell, rh Sir Menzies
Campbell, Mr Ronnie
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chapman, Mrs Jenny
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clark, Katy
Clarke, rh Mr Kenneth
Clarke, rh Mr Tom
Clifton-Brown, Geoffrey
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cooper, Rosie
Cooper, rh Yvette
Cox, Mr Geoffrey
Crabb, Stephen
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Crouch, Tracey
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
Davey, Mr Edward
David, Mr Wayne
Davidson, Mr Ian
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
De Piero, Gloria
Denham, rh Mr John
Dinenage, Caroline
Djanogly, Mr Jonathan
Dobbin, Jim
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dorrell, rh Mr Stephen
Dorries, Nadine
Dowd, Jim
Doyle, Gemma
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Dunne, Mr Philip
Eagle, Ms Angela
Eagle, Maria
Efford, Clive

Elliott, Julie
Ellis, Michael
Ellwood, Mr Tobias
Elphicke, Charlie
Engel, Natascha
Eustice, George
Evans, Chris
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Foster, rh Mr Don
Fovargue, Yvonne
Fox, rh Dr Liam
Francis, Dr Hywel
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Gapes, Mike
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Gilmore, Sheila
Glen, John
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Green, Kate
Greening, Justine
Greenwood, Lilian
Grieve, rh Mr Dominic
Griffith, Nia
Griffiths, Andrew
Gwynne, Andrew
Gyimah, Mr Sam
Hain, rh Mr Peter
Halfon, Robert
Hames, Duncan
Hamilton, Mr David
Hamilton, Fabian
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Hanson, rh Mr David
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Heald, Mr Oliver
Healey, rh John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendrick, Mark
Hendry, Charles
Hepburn, Mr Stephen
Herbert, rh Nick
Heyes, David
Hillier, Meg
Hinds, Damian
Hoban, Mr Mark
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hollingbery, George
Hollobone, Mr Philip
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, Tristram
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Jenkin, Mr Bernard
Johnson, rh Alan
Johnson, Diana
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Mr Marcus
Jones, Susan Elan
Jowell, rh Tessa
Kawczynski, Daniel
Keeley, Barbara
Kelly, Chris
Kendall, Liz
Kirby, Simon
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lazarowicz, Mark
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leslie, Chris
Lewis, Brandon
Lewis, Mr Ivan
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lloyd, Tony
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Love, Mr Andrew
Lucas, Ian
Lumley, Karen
Macleod, Mary
MacShane, rh Mr Denis
Mactaggart, Fiona
Main, Mrs Anne
Marsden, Mr Gordon
May, rh Mrs Theresa
McCabe, Steve
McCarthy, Kerry
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McDonagh, Siobhain
McFadden, rh Mr Pat
McGuire, rh Mrs Anne
McIntosh, Miss Anne
McKechin, Ann
McKinnell, Catherine
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Meale, Mr Alan
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, Austin
Moon, Mrs Madeleine
Moore, rh Michael
Morden, Jessica
Morgan, Nicky
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, Grahame M. *(Easington)*
Morris, James
Mosley, Stephen
Mowat, David
Mudie, Mr George
Mulholland, Greg
Munn, Meg
Munt, Tessa
Murphy, rh Paul
Murray, Ian
Murray, Sheryll
Murrison, Dr Andrew
Nash, Pamela
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
O'Donnell, Fiona
Offord, Mr Matthew
Ollerenshaw, Eric
Onwurah, Chi
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Owen, Albert
Paisley, Ian
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Pearce, Teresa
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Phillipson, Bridget
Pickles, rh Mr Eric
Pincher, Christopher
Pound, Stephen
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Raynsford, rh Mr Nick
Redwood, rh Mr John
Reed, Mr Jamie
Rees-Mogg, Jacob
Reevell, Simon
Reeves, Rachel
Reid, Mr Alan
Reynolds, Emma
Reynolds, Jonathan
Rifkind, rh Sir Malcolm
Riordan, Mrs Linda
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Sarwar, Anas
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Sharma, Mr Virendra
Sheerman, Mr Barry
Shelbrooke, Alec
Shepherd, Mr Richard
Sheridan, Jim
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Owen
Soubry, Anna
Soulsby, Sir Peter
Spellar, rh Mr John
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Straw, rh Mr Jack
Streeter, Mr Gary
Stride, Mel
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr Graham

Sutcliffe, Mr Gerry
Swales, Ian
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tami, Mark
Tapsell, Sir Peter
Thomas, Mr Gareth
Thurso, John
Timms, rh Stephen
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Trickett, Jon
Truss, Elizabeth
Turner, Mr Andrew
Turner, Karl
Twigg, Stephen
Tyrie, Mr Andrew
Umunna, Mr Chuka
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vaz, Valerie
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Watts, Mr Dave
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittingdale, Mr John
Wicks, rh Malcolm
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Chris
Williamson, Gavin
Wilson, Phil
Wilson, Mr Rob
Winnick, Mr David
Winterton, rh Ms Rosie
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

NOES

Durkan, Mark
Edwards, Jonathan
Hermon, Lady
Llwyd, Mr Elfyn
Long, Naomi
Lucas, Caroline
Mahmood, Mr Khalid
Mann, John
McDonnell, Dr Alasdair
Qureshi, Yasmin
Ritchie, Ms Margaret
Robinson, Mr Geoffrey
Skinner, Mr Dennis
Thornberry, Emily
Vaz, rh Keith
Walley, Joan
Whitehead, Dr Alan
Williams, Hywel

Question accordingly agreed to.

TAXATION OF THE FINANCIAL SECTOR

That this House takes note of European Union Document No. 15282/10 and Addendum, relating to financial sector taxation; recognises that decisions regarding direct taxes are primarily a matter for sovereign governments; supports the timely action the Government has already taken to introduce a permanent levy on bank balance sheets to ensure that banks make a full and fair contribution in respect of the potential risks they pose to the wider economy; notes that the Government continues to explore the costs and benefits of financial activities taxes and will work with international partners to secure agreement; and further supports the Government's position that an EU-wide financial transaction tax could lead to the relocation of financial services outside the EU.

The House divided: Ayes 295, Noes 223.

Division No. 196]

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duddridge, James
Dunne, Mr Philip
Ellis, Michael
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, rh Mr Frank
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hermon, Lady
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea

Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
May, rh Mrs Theresa
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Parish, Neil
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Swales, Ian
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Thornberry, Emily
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittingdale, Mr John
Willetts, rh Mr David
Williams, Hywel
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Bone, Mr Peter
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Carswell, Mr Douglas
Cash, Mr William
Chapman, Mrs Jenny
Chope, Mr Christopher
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davis, rh Mr David
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Engel, Natascha
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gilmore, Sheila
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hollobone, Mr Philip
Hosie, Stewart
Hunt, Tristram
Jenkin, Mr Bernard
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Keeley, Barbara
Kendall, Liz
Lammy, rh Mr David
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Main, Mrs Anne
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meale, Mr Alan
Michael, rh Alun
Miliband, rh David

Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nash, Pamela
Nuttall, Mr David
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Paisley, Ian
Pearce, Teresa
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Sarwar, Anas
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Shepherd, Mr Richard
Sheridan, Jim
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Turner, Mr Andrew
Turner, Karl
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Question accordingly agreed to.

House of Commons

Thursday 10 February 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

ENERGY AND CLIMATE CHANGE

The Secretary of State was asked—

Oil Prices

1. **Alun Cairns** (Vale of Glamorgan) (Con): What steps he is taking to mitigate the effects of high oil prices on energy consumers. [39408]

7. **Stuart Andrew** (Pudsey) (Con): What steps he is taking to mitigate the effects of high oil prices on energy consumers. [39414]

12. **Henry Smith** (Crawley) (Con): What steps he is taking to mitigate the effects of high oil prices on energy consumers. [39420]

13. **Nadhim Zahawi** (Stratford-on-Avon) (Con): What steps he is taking to mitigate the effects of high oil prices on energy consumers. [39421]

The Secretary of State for Energy and Climate Change (Chris Huhne): Oil is an internationally traded commodity with prices derived from the global market and, as such, the Government cannot control fuel prices. Within the UK, we have an open market for oil, which we believe provides the best long-term guarantee of competitive prices for the consumer. We are encouraging more energy-efficient cars and homes, and we have asked the Office of Fair Trading to report on the heating oil market. Internationally we are working to improve the functioning of the global oil market, and we are reinforcing the work of the international energy forum, especially by increasing transparency. The key is speeding up the shift to the low-carbon economy by getting us off the oil price hook.

Alun Cairns: On 17 November, one of my constituents paid £490 for 1,000 litres of kerosene heating oil. By 18 December, they were forced to pay £745 for 1,000 litres of heating oil. Although fuel price is an issue for everyone across the UK, does the Secretary of State recognise the particular plight of people who live in rural areas and who do not have the option of mains gas and other sources of energy?

Chris Huhne: My hon. Friend is absolutely right; this is a key issue in rural areas to which the ministerial team have given a lot of attention. The Energy Minister, my hon. Friend the Member for Wealden (Charles Hendry), has suffered the effects of this in his own home and feels strongly, as we all do, that we need to get a grip on this. That is precisely why we asked the Office of Fair Trading to look at the heating oil market. We want to be absolutely assured that there is no exploitation and that the market is open and fair, which in the long run is the best guarantee. But we are also concerned about these off-gas-grid homes, and in the longer term we want to ensure that they have the best benefits from the green deal.

Stuart Andrew: Back in December, Age UK expressed concern about the rise in heating fuel cost. What response has my right hon. Friend had to his announcement on the investigation into the heating oil and liquefied petroleum gas market?

Chris Huhne: There has been cross-party support for the investigation and we await the outcome with interest. There is a genuine concern throughout the House that we need to be confident that people in this position can secure the best possible deal in the marketplace.

Henry Smith: Tomorrow is suggested as national fuel poverty awareness day. What steps are the Government taking to ensure that people have access to better environmental enhancements, particularly to their homes, for the sake of the environment and the economy?

Chris Huhne: The key part of the green deal, which is the centrepiece of the Energy Bill making its way through the Lords at the moment and shortly to come here, is an emphasis on being able to tackle fuel poverty. If we get to the roots of fuel poverty, which is often not low income per se, but people relying immensely on energy because they have poorly insulated homes, we can tackle the problem at its core, rather than merely stick on plasters.

Nadhim Zahawi: The renewable heat incentive is one way to mitigate this. My constituents, who are early adopters of ground-source heat pumps and other renewable sources, are disappointed that it appears they will not be able to access the RHI as they will not have installed their equipment before the launch of the incentive. Will the Secretary of State therefore please clarify the position on RHI in relation to individuals who have not installed equipment before the initiative is launched, as it appears that not only is the current uncertainty about new installations confusing constituents, but it is affecting the renewables industry?

Chris Huhne: Obviously, we are trying to eliminate uncertainty as rapidly as we can and trying to be as clear as possible about the policy framework. As can be seen from the announcement of the review of feed-in tariffs, it is important to get these policy details right. We cannot have a situation in which the budgeting is so badly miscalculated that there simply will not be the money to support it. We are determined to go ahead with this. Individuals will be supported under the renewable heat incentive and the details will be forthcoming.

Mr Speaker: May I ask the Secretary of State to face the House when speaking and not look behind him with his back to the Chair?

Albert Owen (Ynys Môn) (Lab): The Secretary of State mentioned that the Office of Fair Trading was looking at off-grid gas customers who have been ripped off in the way the hon. Member for Vale of Glamorgan

(Alun Cairns) explained. Will the Secretary of State consider extending the scope of Ofgem to look at both on-grid and off-grid energy supplies so that there is a level playing field? The OFT takes an awfully long time and looks only at competition, whereas Ofgem has a wider responsibility.

Chris Huhne: Ofgem of course keeps the market under review and is looking at it at the moment, and there would be a possibility of referral if it decided that that was appropriate. Clearly, it is crucial that we have competitive markets, because that is the best guarantee that consumers will get the best possible deal.

Mr Chuka Umunna (Streatham) (Lab): It has been mentioned that these issues affect those living in rural areas, but of course they also hit people living in urban areas. One in five homes are now affected by fuel poverty, which is the highest rate in 15 years. Will the Secretary of State tell us how the various other measures that the Government have introduced, such as the housing benefit changes and the VAT rise, will help those living in urban areas such as my constituency to deal with high and rising energy prices?

Chris Huhne: The hon. Gentleman will be aware that we have announced the Warm Homes discount, which will ensure, through legislation, that the particularly high fuel bills suffered by those in fuel poverty are tackled, which is a considerable advance on the voluntary arrangements that we have had until now. I come back to the point I made in response to my hon. Friend the Member for Crawley (Henry Smith), which is that we must tackle the roots of the problem. The energy bills of people on low incomes can vary by a factor of six. If they are lucky enough to be in decent home standard social housing, they will have low energy bills, but if they are in private rented housing they may have very high energy bills. That is what we have to tackle and that is what we will do with the green deal.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): I am delighted about the investigation into domestic fuel prices, which my hon. Friend the Member for North West Durham (Pat Glass) and the official Opposition have been calling for, and glad that the Government have finally acted. Rising oil prices, as my hon. Friend the Member for Streatham (Mr Umunna) and others have indicated, are only part of the problem. The Government's record on standing up for consumers is, frankly, very poor. In recent months, we have seen price rises of between 2% and more than 9% from all the main energy suppliers, yet Ministers sit back and refuse to intervene. We have seen Consumer Focus abolished, with insouciance from the Secretary of State on what that means for consumers. At the same time, we have seen mis-billing and doorstep selling investigations showing that not all is well with the big six energy companies. The Government's response is that we must leave them alone or they will not invest. Does he understand that that investment is customers' money? Can he tell the House that he is entirely confident that customers are getting a fair deal?

Chris Huhne: The hon. Lady will know that it is precisely because we are not confident that customers are getting a fair deal that we have, for example, asked the OFT to look at the heating oil market and why procedures are under way to investigate doorstep selling. In all markets we must be ever-vigilant, which is precisely what the Government have been. We have put the consumer's interests first.

Oil Prices (Supply)

2. **Nick de Bois** (Enfield North) (Con): What assessment he has made of the likely effects on oil prices and supply of the political situation in Egypt. [39409]

11. **Nigel Mills** (Amber Valley) (Con): What assessment he has made of the likely effects on oil prices and supply of the political situation in Egypt. [39419]

The Secretary of State for Energy and Climate Change (Chris Huhne): Egypt accounts for 2.1% of the world's oil production. We do not expect that disruption to Egyptian oil production and oil transiting the Suez canal is likely. The secretary-general of OPEC and the Saudi oil Minister Ali al-Naimi have both stated that, in the event of disruption to the Suez canal, OPEC would increase production to provide market-calming measures. About 5% of overall crude and petroleum products goes through the Suez canal.

Nick de Bois: I thank the Secretary of State for that answer. Will he outline what measures his Department may be planning to affect price stability?

Chris Huhne: My hon. Friend may be referring to the debate that has been going on about the fuel duty stabiliser, but that of course is the responsibility of the Treasury and the Chancellor of the Exchequer. I understand that work is continuing on that. The key for my Department is to ensure that we speed the transition to a low-carbon economy as quickly as possible. We have to get off the oil price hook, and this episode of oil prices rising above $100 a barrel demonstrates the urgent need to make good progress on that, which is precisely why the Government are, for example, bringing forward subsidies for electric vehicles, pushing within the European Union for tougher standards on energy-efficient vehicles, and why we have the green deal. We want to ensure that our population is not vulnerable to precisely those sorts of shocks. Our policies will be—

Mr Speaker: That is extremely helpful.

Nigel Mills: I am grateful to my right hon. Friend for that information, but, given the current high price and the risk of uncertainty increasing it further, does he agree that there is now no need to encourage my constituents and his to change their behaviour through further duties, and that if we do such things we risk driving our constituents out of economic activity completely?

Chris Huhne: As I say, the fuel duty stabiliser is a matter for the Treasury. I merely point out that, over time, all European countries—in fact, all developed countries with the exception of the United States—have taken the policy view that, for all sorts of reasons,

including national security, we should encourage energy efficiency in our oil use. Any short-term concession that goes against that will make us more vulnerable in the long term.

Hugh Bayley (York Central) (Lab): I agree with the Secretary of State that our country needs to reduce its dependence on oil. Does he agree with me that the Government should do all in their power to promote democracy in north Africa and the middle east? Democratic countries are better for the people who live in them, better in terms of human rights and make for better trade partners of countries such as our own.

Mr Speaker: Order. A brief answer that relates to oil prices would be helpful.

Chris Huhne: Mr Speaker asks me to relate oil prices to democracy, which is the sort of A-level question that would test any Member.

Obviously, and crucially, open societies in particular are easier to deal with and easier to understand, and in our experience they tend to be more stable. That is a point we make to our friends right the way around the world.

Mr Speaker: I think the Secretary of State gets an A*.

Wind Power

3. **Mr Philip Hollobone** (Kettering) (Con): What estimate he has made of the level of (a) onshore and (b) offshore wind generating capacity in 2020. [39410]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): Modelling undertaken for the Department in 2009 suggested that the UK could have about 14 GW of onshore wind and 13 GW of offshore wind generating capacity in 2020.

The Government do not set targets for individual technologies; we take a market-based approach to energy generation. The actual amount of capacity that comes forward, and the timing, will depend on a range of factors, including how the market responds to the incentives that we have put in place.

Mr Hollobone: My constituency has at Burton Latimer a successful wind farm that is soon to expand, but my constituents would like to see greater incentives from the coalition Government to encourage offshore wind energy, and rather reduced incentives for onshore wind farms, because we do not want the English countryside despoiled by hundreds of wind farms all over the place.

Charles Hendry: My hon. Friend makes an important point, with which a significant number of colleagues in the House agree. There was a democratic deficit in the way the policy was driven forward in the past, and we want to move on from the hectoring approach that the previous Administration took. There do need to be appropriate incentives; wind farms should be put in place in the appropriate locations; and a banding review of the ROC—renewables obligation certificate—regime is coming forward this year, when we can look at those issues.

Hywel Williams (Arfon) (PC): Ports are a reserved matter. How are the Government enabling Welsh ports to participate in the offshore industry, and to what extent and in what way are they working with the Welsh Assembly Government?

Charles Hendry: We took a view that the best way for the funding to go forward was through an economic generation programme linked specifically to manufacturing projects, meaning that it ceased to be a ports programme and became an economic development matter. Funding was allocated through the Barnett formula to the Welsh Assembly Government for them to take forward their own programmes in the area, and we have also asked the Crown Estate to work with ports throughout the United Kingdom to see how they can all benefit from the renaissance.

Mr Charles Kennedy (Ross, Skye and Lochaber) (LD): Given the huge obvious potential in the sector, the Minister will understand the renewable energy sector's natural impatience to know how the green investment bank is progressing and whether the Department is receiving the necessary support that it looks for from the Treasury. Given that potential, can he update us on how things are progressing towards May? Big sites, such as Nigg and Kishorn in my constituency, are really looking to the Government for a lead.

Charles Hendry: My right hon. Friend picks up on an issue that is of great interest across the House. We are making good progress on the discussions about a green investment bank, and an announcement will be made shortly. We see this as a fundamental building block for bringing new investment into an area which is a massive driver for economic growth and recovery in this country.

Huw Irranca-Davies (Ogmore) (Lab): The Government have very warm intentions for community engagement through the Localism Bill, although *The Daily Telegraph* has today rather cruelly portrayed it as "bribes for windfarms". Mike Landy, who is very well respected and has 25 years of experience of renewables internationally, says:

> "It is hard to see how the UK's target of 15% renewable energy by 2020 can be achieved without a significant contribution from onshore wind. The localism bill has all the makings of a NIMBY Charter...there is a distinct danger we could be heading towards BANANA—Build Absolutely Nothing Anywhere Near Anything".

So I have a straightforward question: what will be the average time taken for an onshore wind farm application by the end of this Government?

Charles Hendry: We are determined to stop the top-down approach that was taken by the previous Administration. We believe it is imperative that local communities should have an active engagement in the siting of big facilities in their communities, and the changes we are making will give them greater discretion. We will stop the regional spatial targets and strategies, but put in place significant benefits so that communities can see how they benefit from hosting a facility on behalf of the national interest instead of seeing it as something that is imposed on them, as at present.

Liquefied Petroleum Gas

4. **John Pugh** (Southport) (LD): What assessment he has made of the potential role of liquefied petroleum gas in reducing carbon emissions. [39411]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): In the heating sector, the carbon emissions associated with LPG are slightly higher than those for natural gas. It does, however, have the potential to reduce carbon emissions for those not on the gas grid, as it has a smaller carbon footprint than alternatives such as heating oil and electric heating, though higher than that of renewable energy technologies such as efficient ground-source heating pumps.

John Pugh: I thank the Minister for that response. He has adequately satisfied my curiosity on the subject, and I have no supplementary question, Mr Speaker.

Mr Speaker: I am very grateful.

Low-carbon Technologies

5. **Karl Turner** (Kingston upon Hull East) (Lab): What recent discussions he has had with ministerial colleagues on attracting private sector investment into low-carbon technologies. [39412]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): Ministers in DECC have regular discussions with ministerial colleagues right across the coalition on new ways in which Government can attract private sector investment in low-carbon technologies. This includes discussions on the potential form and functions of Europe's first green investment bank as part of the coalition Government's comprehensive commitment to an ambitious green growth agenda.

Karl Turner: I am sure that the Minister will join me in congratulating the previous Labour Government on the work that they did to encourage E.ON and Siemens to invest in my constituency. Will he ensure that the Government continue that support and build on Labour's success?

Gregory Barker: We are determined to transform the level of green growth in this country, and certainly on the level that we inherited from the last Labour Government. It is instructive that in the offshore wind industry, 80% of those huge installations, on average, were contracted and manufactured abroad under Labour. That has to change; we need the investment and supply chain here in Great Britain.

Tony Baldry (Banbury) (Con): Will Ministers make time in their diaries to visit the Bicester eco-town project, which is a private sector-led initiative intended to be an international exemplar of how to build large-scale, low or no-carbon housing and develop large numbers of green-collar jobs?

Gregory Barker: That is a real recommendation coming from my hon. Friend, who has considerable expertise and a long-standing interest in these matters. The place he mentions sounds extremely interesting, and I hope that perhaps one day he will think of proffering an invitation to me to come and visit.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): We heard from the Secretary of State about speeding the transition to the low-carbon economy, and his Minister has reiterated the Government's commitment. If we were to measure the Secretary of State's success by headlines, as I am sure he is often keen to do, then we, like him, would say "A good job done." However, we judge on actions, not words, and we have seen nothing but confusion, dither and indecision. There is no detail on the renewable heat incentive, and change is afoot on feed-in tariffs and the green investment bank. Today we hear again that there will be discussions on the green investment bank, but when will the Minister decide on it, or is the Department simply being hobbled by the Treasury?

Gregory Barker: It really is a bit rich to have lessons on banking from Labour Members, who brought the British banking sector to the very brink of ruin and the country's finances into utter disaster. Their handling of the City was utterly catastrophic. We will bring forward, in good time, a robust new institution that will be a key part of the financial architecture of green growth, and we will take no lectures on any of this from Labour.

Meg Hillier: Well, all sound and fury signifying, so far, nothing. Let us be clear: there is talk about the new green investment bank, but no new money, and no detail, and different dates for when we will hear about it. Why? Because the announcement was made by the Secretary of State at the time of the comprehensive spending review without a deal having been pinned down with the Treasury. We are still waiting. When will we have the detail on the green investment bank and when will businesses get the certainty about investment that they need for green growth?

Gregory Barker: I tell you what—it will not take us 13 years to come up with a plan for a green investment bank. It was this Chancellor of the Exchequer who announced plans for a green investment bank, this coalition that is working on plans for it and this coalition that will bring it forward. The hon. Lady will just have to contain her excitement. She would do better to dwell on the Opposition's abysmal record on green investment, instead of asking fatuous questions from the Dispatch Box.

Tariff Information

6. **Mr John Baron** (Basildon and Billericay) (Con): What plans he has for the inclusion of provisions on cheapest tariff information in the forthcoming Energy Bill. [39413]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): We are taking powers in the Energy Bill to require energy suppliers to provide their domestic customers with clear information about their lowest tariff. Initially, we are seeking the suppliers' agreement to provide that information voluntarily. However, if there is no satisfactory agreement to do so by the end of the summer, we will use this power.

Mr Baron: The Minister will recognise the importance of this issue, given the recent price increases and the confusion caused by the hundreds of different tariffs.

He will be aware that I submitted detailed proposals about how cheapest tariff information could be displayed on domestic bills, in consultation with the consumer magazine *Which?*. Will he meet me to discuss this issue further?

Gregory Barker: My hon. Friend is one of the House's leading experts on this issue. It is complex and the answers are not easy. He has submitted information to my Department, which has been extremely valuable. We are determined to get this right and I would be delighted to meet him in the Department.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): We welcome the Government's proposals requiring energy suppliers to display the cheapest tariff information on their bills. It is a positive first step, but more needs to be done to ensure that consumers get a fair deal from their energy companies. Given that the Government are scrapping the energy watchdog Consumer Focus, which last year uncovered that one energy supplier had overcharged about 1.8 million customers, it is fair to say that the Government have a lot of work to do to be considered a champion of the consumer.

Will the Minister commit to going further? Will he examine what can be done to help vulnerable households that pay a poverty premium because they cannot access cheaper payment methods such as direct debit or because they use a pre-payment meter, to ensure that they get the best deal possible from their energy supplier?

Gregory Barker: The hon. Lady makes some valid points in a sensible way. She is right to say that we need to do a lot more to help the poorest. There is a debate about rising block tariffs, but they, too, can have perverse consequences. We are determined to simplify the tariffs system, and I would like to do that on the basis of consensus. If she would like to contribute to the thinking, I invite her to meet me and share her ideas.

Feed-in Tariff Review

8. **David T. C. Davies** (Monmouth) (Con): What progress he has made on the feed-in tariff review; and if he will make a statement. [39415]

14. **Neil Parish** (Tiverton and Honiton) (Con): What recent progress he has made on the feed-in tariff review; and if he will make a statement. [39422]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The first comprehensive evidence-based review of the feed-in tariff scheme has started. It will consider all aspects of the scheme, but we will fast-track consideration of large-scale solar projects with a capacity of more than 50 kW and farm-scale anaerobic digestion projects. Above all, we want to provide a sustainable platform for ambitious growth across the range of renewable technologies, and to work collaboratively with industry to achieve that.

David T. C. Davies: I welcome the Minister's answer. Will he assure the House that the review will ensure that there are no perverse incentives to build smaller schemes operating at a higher capacity? If he has time in his ministerial diary, he is welcome to visit Monmouthshire, where we have three excellent hydroelectric schemes up and running.

Gregory Barker: My hon. Friend makes a good point. The scheme that we inherited from the previous Government was in danger of offering perverse incentives, particularly for micro-hydro. We will use the opportunity of the comprehensive review to iron out those incentives and get the scheme absolutely right. We are keen to see an expansion of hydro, which is a great renewable source. I will certainly look to see whether I can visit my hon. Friend.

Neil Parish: I very much welcome the Minister's comments on anaerobic digestion, because I think we can get a great deal more of it. Can he assure us that feed-in tariffs will be set at a fair rate? As we push up energy prices to the consumer, we push more people into fuel poverty. When he tapers the tariffs, will he ensure that hospitals and schools get a fair crack of the whip?

Gregory Barker: My hon. Friend makes some excellent points. We will endeavour to ensure that we are very fair in the review, and we certainly want to sustain investment in renewables in schools, hospitals and other community projects that fall above the 40 kW review level. We also need to ensure that we get value for money for consumers and that we do not offer what Labour did—an open cheque book approach to the industry.[1]

Dr Alan Whitehead (Southampton, Test) (Lab): When the Secretary of State made his announcement about the feed-in tariff review on Monday, he included in it the fact that anything over 50 kW would be regarded as large photovoltaic solar, but everybody knows that anything marginally above 50 kW is not large. The effect of the review will be to eliminate a large number of schools, hospitals and other facilities from the feed-in tariff. Does the Minister accept that a mistake has been made in that calibration, and is he prepared to go back and reconsider the number to ensure that the right figure is put in place?

Gregory Barker: I think the hon. Gentleman is unduly concerned. The 50 kW level simply refers to the current legislative definition of microgeneration. It is not our intention to place draconian limits on those above 50 kW, particularly in relation to the school and hospital schemes that he mentions. However, there is a real problem with large solar fields, and that is our primary focus. Going for 50 kW allows us to settle the matter discreetly, quickly and before the summer recess.

Clive Efford (Eltham) (Lab): Because of the confusion that the 50 kW limit has caused, should not the review be completed swiftly so that community organisations know where they stand?

Gregory Barker: The hon. Gentleman is absolutely right, and that is why we are moving very quickly indeed and expect to publish the consultation in March. There is no reason for anyone involved in the community schemes that he advocates to be unduly concerned. We are very lucky that capital costs, installation costs and financing costs have all fallen quickly, and we must ensure that the taxpayer gets good value for money.

Mr Peter Lilley (Hitchin and Harpenden) (Con): Does my hon. Friend see any inconsistency between the position of the Secretary of State, who earlier claimed that the Government were doing their best to keep oil

1. *[Official Report, 1 March 2011, Vol. 524, c. 1MC.]*

and energy prices down, and his support for a tariff that, according to his own costings, means that energy costs 20 times as much as when it comes from conventional sources? Will his review consider the experience of the Dutch Government, who have just scrapped a similar scheme, the German Government, who have limited entry to their scheme, and the Spanish Government, who have nearly been bankrupted by theirs?

Gregory Barker: I think I can reassure my right hon. Friend that his concerns are misplaced, and that the ministerial team is absolutely united in supporting an ambitious roll-out of renewables. The current feed-in tariff scheme for microgeneration would add something like £8 to the total energy bill of the average household by 2030, which means that it is not getting out of control in any way, shape or form. However, we have to be prudent.

Huw Irranca-Davies (Ogmore) (Lab): Labour's feed-in tariffs have created thousands of green jobs and real growth in the nascent microgeneration power sector, which now hang in the balance because of the Government's panicked response to the narrow issue of solar parks. They are bringing forward an early review that throws the healthy baby out with the bathwater, jeopardising schemes for community housing, hospitals and schools. When the Secretary of State stood on the doorstep of Sharp in Wrexham a fortnight ago and announced the potential for 300 new jobs in British solar photovoltaics manufacturing, had he already made the decision to cut the legs away from under the emerging solar manufacturing and installation industry? Did he tell the managing director and the work force?

Gregory Barker: We know that the Labour party is a party of deficit deniers, who are in denial about their record. They are obviously also in denial about the potential costs of unchecked solar. We want to create a sustainable framework for long-term investment that is good for the industry. That is why we are fast-tracking the review and will improve the imperfect system that we inherited from Labour to make a much safer and securer platform for long-term green growth.

Mr Speaker: Order. We really must speed up. There is a lot to get through, and I want to serve the interests of Back-Bench Members who want to ask their questions.

Low-carbon Generation

9. **Mary Macleod** (Brentford and Isleworth) (Con): What assessment he has made of the potential effects of his proposed electricity market reforms on the ability of the UK to attract investment in low-carbon generation. [39416]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): We estimate that by 2020, the cumulative investment needed in electricity generation, transmission and distribution will be in excess of £100 billion. We believe that the policies set out in our consultation on electricity market reform will deliver this investment and the further investment needed to meet our longer-term targets, making the UK a prime location for low-carbon energy development.

Mary Macleod: I am delighted that the Department of Energy and Climate Change and the Treasury have joined forces to launch the electricity market reform project. How will those proposals build the necessary confidence to invest in low-carbon options over the long term and manage the transition period to ensure that stability is maintained?

Charles Hendry: My hon. Friend is absolutely right to pick up one crucial element of our reforms. We must remove uncertainty, because that is one of the biggest threats to investment. We therefore propose that the current regime run alongside the new regime for a period of years, giving people a choice of which system they work to. We believe that that deals with the transitional challenges.

Ian Lucas (Wrexham) (Lab): Low-carbon generation was hugely incentivised by Labour's feed-in tariff, which in the last month provided 300 new jobs in my constituency. Those jobs are endangered by Monday's announcement. Sharp says that the Government's investment will stop investors—private investment—in their tracks. How can the Government possibly justify their absurd claim to be in favour of growth and green manufacturing when they make an announcement as stupid as the one they made on Monday?

Charles Hendry: I remember well the debates on the introduction of feed-in tariffs. It was the force of Conservative, Liberal Democrat and Labour votes—*[Interruption]*—Labour Back-Bench votes. That was the combination that forced the then Labour Government to accept feed-in tariffs. This Government are ensuring that that money can be targeted on areas where we can see a massive roll-out. It should not be diverted into big solar farms. We want to ensure that the maximum number of people can benefit, which is why we are undertaking our review.

Feed-in Tariff

10. **Jason McCartney** (Colne Valley) (Con): What recent assessment he has made of the effectiveness of the feed-in tariff payments system for electricity generated by domestic solar panels. [39418]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): We want to drive forward deployment of decentralised renewables, and we are very pleased with the growth to date of solar photovoltaics supported by feed-in tariffs. However, we believe that the system can be improved and placed on a more secure and sustainable financial footing, which will be to the long-term benefit of consumers, industry and investors.

Jason McCartney: One of my constituents has contacted me because he has waited for up to three months for payments for electricity generated by domestic solar panels. Does the Minister agree that the public body that hands out those payments should speed them up?

Gregory Barker: I would be happy to look into that case, but obviously, the energy supplier and not Ofgem, the regulator, is responsible for dishing out those payments, which should be made quarterly. If my hon. Friend is

aware of longer delays in Colne Valley—he is a doughty champion for his constituents—I will be happy to look into those specific cases on his behalf.

Mr Mike Weir (Angus) (SNP): Is the Minister aware of the concerns in Scotland that the take-up of domestic solar panels through the feed-in tariff has been hampered by the unsatisfactory nature of the microgeneration certification scheme? Will he or his officials meet installers' representatives to discuss why the Department refuses even to engage with their proposals for a scheme to meet specific Scottish needs?

Gregory Barker: I am aware of considerable unease about the MCS, which was set up by the previous Government. A number of complaints have been made to the Department, and I take them extremely seriously. I would be happy to look at the issues that the hon. Gentleman raises.

Wind Power

15. **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): What the net contribution of wind-powered electricity generation to energy supply was in the final quarter of 2010. [39423]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): The Department publishes data on electricity supplied to the UK electricity grid on a monthly basis. Figures for the final quarter of 2010 in full will be published on 24 February. DECC's latest figures show that for October and November 2010 in total, wind generation by major power producers contributed 3.5% of all electricity supplied to the UK electricity grid.

Chi Onwurah: On Monday I visited Siemens in Byker, just outside my constituency, to see the significant investment it is making to train apprentices in renewable technologies. However, Siemens told me that it would not take on more apprentices until there were more confirmed renewable power projects. The Secretary of State has delayed the green investment bank and the renewable heat incentive and is reviewing the feed-in tariff. When will he give the renewable industry the positive signal it requires?

Charles Hendry: The renewable heat incentive is not actually related to the offshore wind development sector, in which Siemens is looking to operate. We are working closely with Siemens. Yesterday I chaired the offshore wind developers forum to consider the barriers to potential investment. We see this as a massive opportunity for Britain to secure the sort of green jobs that the hon. Lady is talking about in her constituency, and which Siemens is looking at more generally in areas such as Humberside.

Andrew George (St Ives) (LD): In order to encourage greater wind generation, what assistance can Ministers offer to communities that live very close to large wind farms or turbines? How can they share the benefits of having those on their doorstep?

Charles Hendry: Our evidence shows that community schemes—where there is community ownership of the scheme—get through the planning process much more readily than non-community schemes. As we move forward, we are keen to see schemes that will keep the local business rate within the local community and provide additional benefits through community ownership, so that communities can see exactly what they are getting out of having such a facility in their areas, rather than, as sometimes happens, getting the pain but not the gain.

Monopoly Electricity Suppliers

16. **Elizabeth Truss** (South West Norfolk) (Con): What steps he is taking to ensure that electricity consumers in areas with only one supplier are not charged excessive amounts. [39424]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): Ofgem regulates distribution network operators through price controls that limit the amount that they can charge for connection services. For most connection services, DNOs can recover only expenses that are reasonably incurred. When a customer disputes a connection charge, they can raise the issue with the DNO through its complaints procedure. Ofgem has powers to determine whether a connection charge is reasonable after other avenues are exhausted.

Elizabeth Truss: My constituent David Goulty has been quoted £1,200 for a connection by UK Power Networks. Also, the Snetterton industrial site near the A11 has been quoted £6 million to £8 million for connecting it to the national grid. I am concerned that this company is the sole supplier in this area, and I would like to know what action the Government and Ofgem are taking to ensure that it is not charging over the odds for connections.

Charles Hendry: My hon. Friend raises a very important point, which I hope she will pursue through Ofgem as well. The costs of those mechanisms are calculated by the local area network using a methodology agreed by Ofgem, which means that it can recover only reasonable costs associated with the connection work. If the complaints procedure has been exhausted, Ofgem can then determine whether the costs are reasonable. Consumers can also consider using an independent connection provider that might be able to offer a better deal.

Energy Prices

17. **Mr William Bain** (Glasgow North East) (Lab): What recent discussions he has had with energy companies on tariff and pricing policies affecting consumers. [39425]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): Ministers and officials in the Department of Energy and Climate Change meet Ofgem and suppliers on a regular basis to discuss market issues. Ofgem monitors the market closely and reports quarterly on retail prices. Its latest report shows large increases in estimated supplier margins for the year ahead, largely owing to recent price increases. We are disappointed on behalf of consumers by this development, and welcome the announcement of Ofgem's review of the retail market.

Mr Bain: The Minister will be aware from a written answer to me on 10 January that without further Government action, by 2013 the impact of the Government's proposed electricity market reforms will

be felt by the poorest 10% of households three times more heavily than by the richest 10%. Will he therefore adopt Save the Children's excellent idea of obliging the energy companies to offer a compulsory rebate to the poorest families?

Charles Hendry: We have indeed introduced a new obligation for energy companies to help the most disadvantaged people. We are determined to take forward that agenda, and to ensure that we do it rather more effectively than it has been done in the past. We also have to ensure that we secure the investment necessary to rebuild our energy infrastructure, which was badly put off under the previous Administration.

Energy Efficiency (Rural Areas)

19. **Sir Alan Beith** (Berwick-upon-Tweed) (LD): What recent steps he is taking to improve the energy efficiency of privately rented housing in rural areas. [39428]

The Secretary of State for Energy and Climate Change (Chris Huhne): I want to see the energy efficiency of privately rented housing improve across the country, including in rural areas. Our green deal, due to be launched in late 2012, will help enable this to happen. It will offer landlords, in both urban and rural areas, a real opportunity to invest in the energy efficiency of their properties at no up-front cost. If they do not, we are taking powers in the Energy Bill to enable tenants to insist on the green deal. Furthermore, we will allow councils to ban rentals in F and G-rated properties. My Department is looking at how best to incentivise renewable heating for those off the gas grid, particularly those in rural areas.

Sir Alan Beith: I welcome what my right hon. Friend is doing on this matter, but I ask him to keep in mind the fact that some of the poorest people in my constituency live in former farm cottages that are stone-built, have landlords who are reluctant to improve them, are not connected to a gas supply and are at the mercy of monopolistic heating oil firms.

Chris Huhne: I entirely sympathise with my right hon. Friend's point about the problems that often exist in rural areas. Such problems are often overlooked precisely because they are not necessarily concentrated in large numbers, but poverty, including fuel poverty, can be a dramatic problem in rural areas. The green deal will be particularly helpful to the sort of constituent whom he has mentioned, because there will also be support for hard-to-treat homes, which will involve subsidising solid-wall insulation.

Mr Clive Betts (Sheffield South East) (Lab): I am sure that the Secretary of State is aware that many older privately rented properties do not have cavity walls. Therefore they can benefit from loft insulation, not cavity-wall insulation, and external or internal cladding is often problematic. In those cases, will he consider giving extra priority under the green deal to offering assistance with double glazing?

Chris Huhne: We are looking at exactly what the specifications should be under the green deal. I want us to get in as much as possible. Given that the scheme will be much bigger than any that we have had before, one of the points that we are discussing with the industry is whether those economies of scale can be reflected in the prices of energy-saving products. If we can do that, we can make them susceptible to the green deal to a much greater extent. However, I would also refer the hon. Gentleman to my answer to my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) concerning solid-wall insulation. There are technological improvements being made in this area that I would not rule out as a source of comfort for the hon. Gentleman's constituents.

Anaerobic Digestion

20. **Dr Thérèse Coffey** (Suffolk Coastal) (Con): What recent steps he has taken to facilitate direct passage of the gas generated from anaerobic digestion into the national transmission system. [39429]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The coalition is committed to a huge increase in energy from anaerobic digestion. In addition to reviewing tariffs, we are simplifying the regulatory regime for operators of AD installations. The Health and Safety Executive has been asked to assess the quality of gas that can safely be injected into the grid, and Ofgem is consulting on what measures are required to overcome barriers to biomethane injection into the gas grid.

Dr Coffey: I thank the Minister for that answer. Would he be kind enough to meet with me to discuss the case of Adnams Biogas in my constituency? Adnams Biogas was set up by Bio Group and was the first to take methane and put it straight into the grid system. National Grid is happy with that, but Ofgem now seems to have a big issue with it. It seems ridiculous that we should have to add fossil fuel gases to natural gases in order to be greener.

Gregory Barker: My hon. Friend can rightly be proud of the Adnams facility in her constituency, and she is particularly well placed to understand its potential as she has a PhD in chemistry. I would be happy to meet her to discuss how we can make it easier for more companies to connect, because we are talking about a very important technology.

Topical Questions

T1. [39433] **Mr Philip Hollobone** (Kettering) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Energy and Climate Change (Chris Huhne): Since the previous departmental Question Time we have published proposals to increase liabilities for nuclear operators under the Paris and Brussels conventions. We have also opened a consultation on the long-term management options for the UK's civil plutonium stocks, and launched a review of the feed-in tariff scheme to ensure that we have investment certainty at reasonable budgetary cost.

Mr Hollobone: Britain's electricity system is at its most vulnerable during winter cold snaps when the wind is not blowing and the wind turbines are not

moving round. What steps is the Secretary of State taking to ensure that the plant capacity margin is big enough to ensure that we can keep the lights on with power from conventional sources during those periods?

Chris Huhne: My hon. Friend is right to highlight that as an important and ongoing issue, and it is one to which we have devoted a lot of attention in the Department. In the short term, the key is that the capacity margin has increased quite comfortably—sadly for the wrong reasons: because of the impact of the recession—but in the long run we are trying to ensure that we pay for capacity through electricity market reforms. That is in the consultation documents that we have tabled, and I believe that it will provide a long-term solution and ensure that we have an adequate margin.

T3. [39436] **Ian Murray** (Edinburgh South) (Lab): The Secretary of State for Business, Innovation and Skills came to the Environmental Audit Committee last week and told us that DECC had been heavily involved in the development of the green investment bank. What input has this Secretary of State had to the formation of the bank? Can he tell the House whether he is in favour of a bank or a fund—and whether the Treasury is pushing him towards a fund in order to keep the scheme off its books?

Chris Huhne: There are ongoing discussions between Ministers—[HON. MEMBERS: "Ah!"] I would merely make the point to Opposition Members that it is more important to get this right than to do it quickly and get it wrong. With the green investment bank, let us remember that we are looking at an institution that will be crucial in supporting the transition to a low-carbon economy not over a two or three-year period, but over 40 years. If we look back at our economic history, and at similarly massive changes in the way our economy has been powered—for example, the move to coal and then oil, with the internal combustion engine—we see that these things do not happen in a day. Let us get the green investment bank right. That is what Ministers are going to do, and announcements will be made in due course.

T2. [39434] **Miss Anne McIntosh** (Thirsk and Malton) (Con): The green deal will bring huge fuel efficiency benefits in heating homes. Will the Secretary of State consider extending it to cover water efficiency, and in particular to educating households to save water, and to save energy by heating only the water that they need to use?

Chris Huhne: I am very sympathetic to my hon. Friend's points. There is an important agenda for trying to make water use sustainable, as well as the other elements covered by the green deal. The difficulty lies in attaching measures that would affect water to an electricity and gas Bill, and that has so far proved insuperable for the ministerial team. We would like to see real improvements, however, and we have been working across Government on this. I know that the Secretary of State for Environment, Food and Rural Affairs, my right hon. Friend the Member for Meriden (Mrs Spelman) is also concerned about this, and is working hard on proposals.

Ian Lavery (Wansbeck) (Lab): The Secretary of State will be aware that the Hatfield colliery in South Yorkshire is in administration. It has more than 100 million tonnes of coal. Has he had meetings with the owners or their representatives to try to resolve the situation, and will he agree to meet me and other representatives to discuss it?

The Minister of State, Department of Energy and Climate Change (Charles Hendry): We had regular contact with the owners prior to the administration. We have not had direct face-to-face contact with them subsequently, because we believe that this is a matter for them to sort out with the administrators. However, we recognise the great potential of that location and of the technology that is being developed there for carbon capture and storage, and as we take forward our plans for CCS, we hope that the plant will still be able to bid into the process.

T5. [39438] **Robert Halfon** (Harlow) (Con): Is the Minister aware of ECCO, a not-for-profit co-operative in Harlow that recycles textiles and batteries? Will he visit ECCO with me to see this important example of the big society, and to see whether such a contribution to recycling could be rolled out across the country?

The Minister of State, Department of Energy and Climate Change (Gregory Barker): It is important to take a holistic approach to these green and sustainability questions. My hon. Friend is a fantastic champion of the big society in Harlow, and I would be delighted to go there with him to see what is being achieved there.

Lilian Greenwood (Nottingham South) (Lab): As the Minister knows, the Meadows neighbourhood in Nottingham South is striving to become a low-carbon community. The three local primary schools, the community gardens and 55 local families are now benefiting from the feed-in tariff through their community-owned energy company, MOZES. Can he guarantee that his review of the feed-in tariff will not endanger its continued success?

Gregory Barker: I am delighted to answer this question, not least because I had the privilege of going to the Meadows last autumn and was very impressed with what I saw there. I can absolutely confirm that there is nothing retrospective about the feed-in tariff review. Any community, group or individual claiming the tariff will see no change in their tariff.

T6. [39439] **Stephen Mosley** (City of Chester) (Con): Has my hon. Friend had any discussions on the future of the treaty of Almelo, particularly in relation to modifying it to allow British and European companies to take full advantage of the opportunities offered by China's expanding programme of civil nuclear power?

Charles Hendry: May I begin by paying tribute to the important work that URENCO, which is based on the outskirts of my hon. Friend's constituency, does in this area? The treaty of Almelo was signed in 1970 by the Governments of the UK, the Netherlands and Germany, and covers the operation of the tripartite URENCO uranium enrichment company. It is not a vehicle for the promotion of specific commercial opportunities, and if there were to be any change in its nature there would have to be a new treaty, or an adaptation to the existing one.

Barry Gardiner (Brent North) (Lab): We have recently begun to see the decoupling of oil and gas prices, and technological innovations enabling us to exploit shale gas might expand that decoupling still further. How is that affecting the Government's thinking on electricity market reform, and what repercussions do they foresee?

Chris Huhne: That is absolutely right; this is one of the most interesting things happening in energy markets. The last figures that I looked at were very striking, showing that the price per therm in the United States is virtually half what it is in the UK or on the continent of Europe. Any electricity market reform must obviously involve a framework that could accommodate such changes, if this turns out to be a long-run trend. For example, if gas with carbon capture and storage were a particularly attractive technology providing low-carbon electricity for our consumers, the electricity market reform would have to enable it to be produced. It is not our job to pick winners in technology, but it is our job to ensure that we have low-carbon electricity and that the market framework can deliver it.

T7. [39440] **Claire Perry** (Devizes) (Con): Farmers in my Devizes constituency really welcome the inclusion of anaerobic digestion in the overall tariff and review currently taking place. That is long overdue, and an important way of reducing emissions and cutting waste from the farming industry. However, communities living close to existing or proposed sites are expressing real concerns about the possible impacts—an increase in traffic, unpleasant odours and so forth. What can be done to reassure communities and farmers that those things can co-exist in the countryside?

Gregory Barker: Obviously, the Environment Agency will continue to have oversight of such matters, but the brilliance of farm-based anaerobic digestion is that it is an on-farm solution, so it should diminish the number of road journeys that need to be made. As my hon. Friend the Energy Minister said earlier, at the heart of our proposals for an ambitious roll-out of renewables is the idea of community consent. We want a bottom-up approach, in which everyone has a chance to participate and be incentivised, rather than have things imposed from the top.

Mr Speaker: We have got the message about bottoming up; we are grateful.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): The north-east of England has a burgeoning offshore wind sector, supported by the new renewable energy centre in Blyth. What is the Department offering to support the growth of that industry now that the very successful regional development agency, One North East, which provided a lot of vital support, is being wound down?

Charles Hendry: As the hon. Lady will know, the £60 million for the building of the manufacturing facility on the ports could be of massive benefit to the north-east and to other parts of the country. Companies such as Gamesa, Siemens, Mitsubishi and General Electric are already looking at the United Kingdom because of the massive opportunities that they see here. We are determined to have the jobs coming to this country, whereas historically too many of them have gone overseas.

T9. [39442] **Richard Graham** (Gloucester) (Con): Solar power offers a great opportunity to reduce both our carbon footprint and our household costs. Will the Minister say what his Department is doing to encourage its use in cities such as mine of Gloucester?

Gregory Barker: We recently launched "Community Energy Online", which demonstrates to communities and local authorities the easy steps that can be taken to benefit from the range of schemes and initiatives that DECC has already launched and will launch in the future. I encourage people to look at this online initiative, which is easy to access. If my hon. Friend has any feedback about it, I would be delighted to hear it.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): How does the Secretary of State intend to help the chemical and steel industries and other manufacturers of energy-intensive products, which will be less able to compete globally or even within the EU in response to his proposals for electricity market reforms and CO_2 floor prices?

Charles Hendry: The hon. Gentleman raises an extremely important issue. We have to be careful not to have carbon leakage and to ensure that the measures put in place in this country do not drive British manufacturing jobs abroad. That is why there is cross-co-ordination between DECC, the Department for Business, Innovation and Skills and the Treasury to make sure that we fully understand any knock-on implications and avoid any such unintended consequences: it is critical to keep those manufacturing jobs in Britain.

Duncan Hames (Chippenham) (LD): We have heard how households such as those off the gas grid, of which there are many in my constituency, would benefit from the new green deal. If demand for it initially outstrips supply, how will the Secretary of State determine who should have access to it first?

Chris Huhne: My hon. Friend raises an interesting point; it is a high-class problem. Up until now the main difficulty Governments have faced is in encouraging consumers to go for energy efficiency measures, which are enormously beneficial economically. For example, the payback period for both cavity-wall insulation and loft insulation is less than 18 months, yet there are still millions of homes outstanding. I look forward to having to deal with the problem of high demand, but it is not one that has detained us greatly as yet. We want to make sure that the market takes off, and that is where we have been focusing our attention.

Dame Anne Begg (Aberdeen South) (Lab): The all-party offshore oil and gas industry group heard this week of the difficulties faced by developers of small oil and gas fields in accessing infrastructure at a reasonable tariff. They say that the existing mechanisms do not work, and that the legal process for determining resolution has never worked either. Will the Minister turn his attention to that and ensure that they have proper access at reasonable tariffs, because it is these small developers that will be the future of the offshore oil and gas industry in the North sea?

Charles Hendry: We want a different relationship between Government and the offshore developers. We are considering restructuring PILOT, the organisation that deals with such matters. One of the most important aspects of its work will be access to infrastructure, alongside decommissioning and other issues that have been intractable for a long time. I am grateful for the work that the all-party group is doing in the House.

Sarah Newton (Truro and Falmouth) (Con): I welcome the Minister's recent meetings with private sector organisations in Cornwall that are working on deep geothermal and marine energy. Can the Secretary of State confirm that both those exciting technologies will be included in the review of the banding regime for renewables obligation certificates?

Gregory Barker: I am grateful for my hon. Friend's ongoing enthusiasm and determination to fight for geothermal energy. She has made some excellent points. The ROCs banding review will examine those issues and others to ensure that the right incentives are there to drive forward the whole green economy.

Nia Griffith (Llanelli) (Lab): May I return the Secretary of State to the question from my hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop)? Will he agree to meet a delegation from the all-party parliamentary group for the steel and metal-related industry to discuss the effects of the carbon floor pricing proposals on high energy users such as the steel and ceramics industries?

Chris Huhne: The hon. Lady will know that we have been in close contact with high energy users. We are happy to continue to meet them to discuss their concerns.

Laura Sandys (South Thanet) (Con): Is the Department still considering the marine energy parks project, which was proposed before the election? What is its perspective on opportunities for the marine energy sector?

Gregory Barker: We think that there is huge potential for growth in the sector, which now needs to be gripped and driven forward. There has been about a decade of talking about the issue, but no real growth. I was delighted to go to the south-west to convene the new marine energy programme board and to announce that the south-west would host the first marine energy park, consisting of a cluster of marine energy firms. I hope that that will be replicated all round the coast of Great Britain.

Albert Owen (Ynys Môn) (Lab): Much of the new low-carbon capacity plan will require either enhanced or new transmission lines. Will the Department encourage National Grid to consider installing underground and submarine cables as well as enhancing existing pylons?

Charles Hendry: The hon. Gentleman has raised a particularly important issue, which I know is of great significance to his constituency because of the possible building of a nuclear plant there. I am pleased about the work being done by the Institution of Engineering and Technology, which is trying to establish in detail what the costs of undergrounding will be. Additional work is being done by National Grid to ensure that we fully understand the relative costs of the various approaches, which will be one of the most contentious issues.

Naomi Long (Belfast East) (Alliance): The Minister will be aware that the development and expansion of wind and wave technology are having a very positive impact on research and development and manufacturing in my constituency. What discussions is he having with his counterparts in the Northern Ireland Assembly to ensure that the economic as well as the environmental benefit is harnessed?

Charles Hendry: The hon. Lady will be pleased to know that we have regular contacts with members of the Northern Ireland Government, as well as with devolved Governments elsewhere in the United Kingdom. We are keen to adopt an all-islands approach. We intend to assess the potential throughout the British Isles, including the channel islands and the Irish Republic, to establish where the resources are greatest and how they can be harnessed for the greatest overall good.

Business of the House

11.33 am

Hilary Benn (Leeds Central) (Lab): Will the Leader of the House give us the forthcoming business?

The Leader of the House of Commons (Sir George Young): The business for the week commencing 14 February will be as follows:

MONDAY 14 FEBRUARY—Second Reading of the Budget Responsibility and National Audit Bill [*Lords*].

TUESDAY 15 FEBRUARY—Motion to approve a money resolution on the Parliamentary Voting System and Constituencies Bill, followed by consideration of Lords amendments to the Parliamentary Voting System and Constituencies Bill, followed by a motion to approve a money resolution on the Public Services (Social Enterprise and Social Value) Bill.

WEDNESDAY 16 FEBRUARY— Opposition Day (11th allotted day). There will be a debate on an Opposition motion, subject to be announced, followed by, if necessary, consideration of Lords amendments.

THURSDAY 17 FEBRUARY—Motions relating to the draft Social Security Benefits Up-rating Order 2011 and the draft Guaranteed Minimum Pensions Increase Order 2011.

The House will not adjourn until the Speaker has signified Royal Assent.

Colleagues will wish to be reminded that, subject to the progress of business, the House will rise for the February recess on Thursday 17 February and return on Monday 28 February.

The provisional business for the week commencing 28 February will include:

MONDAY 28 FEBRUARY—Business to be nominated by the Backbench Business Committee.

I should also like to inform the House that the business in Westminster Hall for 3 and 10 March will be:

THURSDAY 3 MARCH—A debate on the Public Accounts Committee's report on tackling inequalities in life expectancy in areas with the worst health and deprivation.

THURSDAY 10 MARCH—A debate on the Work and Pensions Committee report on changes to housing benefit announced in the June 2010 Budget.

Hilary Benn: I am grateful to the Leader of the House for that reply.

We are due to have the Committee stage of the Scotland Bill at some point. Our clear understanding is that the legislative consent motion from Holyrood will be finalised before we start consideration in Committee. Will the Leader of the House confirm that that is still the case?

This week, we learned that more than half the donations to the Tory party have come from City financiers. A party spokesman denied that City donors were influencing policy, but may we have a debate on this?

Scarcely was the magic ink dry on Project Merlin—that was some conjuring trick—than the Lib Dem Treasury spokesman in the other place, the noble Lord Oakeshott, could contain himself no longer. He called the deal "pitiful", the Treasury negotiators incompetent and arrogant—I wonder who he could have been thinking of—and he then said this about the bonus deal:

"Whether....paid in cash or shares...a multi-million pound bonus is still a multi-million pound bonus whether you have to wait two years to buy the yacht."

Clearly, this was all too much for the truth deniers on the Treasury Bench, and especially his colleague the Chief Secretary to the Treasury who, it seems, sacked him live on television. Does this not all show that when it comes to the Conservatives and the "spivs and gamblers"—not my words, but those of the Business Secretary last September—they certainly are all in it together?

The truth deniers have taken another battering this morning. Some 88 Liberal Democrat council and group leaders have signed an extraordinary letter in *The Times* attacking their own Government. This is what they say:

"Rather than assist the country's recovery....the cuts...will do the opposite."

They accuse Ministers of

"chastising and denigrating local authorities through the media"

and the Communities Secretary of letting them down. May we have an urgent statement from the Secretary of State so that he can finally admit that getting rid of a few chocolate biscuits and cutting a few salaries is not going to do it, and that the price of his policies will be paid by shut libraries, disappearing Sure Start centres, people losing their jobs and volunteers discovering that there is nowhere left to volunteer? That is why the big society is now in big trouble, and why advisers at No. 10 are trying to blame each other for the mess. So may we have a debate on the deep sense of betrayal that many in the voluntary sector feel, because having been marched up the big society hill, they now discover that on the other side there is not a pot of gold, but a precipice? Is that what Lib Dem MPs really signed up for last May?

To cap what has been a terrible week for Ministers, we heard this morning the sad news that the Deputy Prime Minister has had to cancel his trip to Latin America because the Government have been defeated again in the House of Lords on their gerrymandering Bill. Frankly, I am surprised that the Deputy Prime Minister has not taken the opportunity to flee the country after the battering he received on television last night from angry students. Still, Rio de Janeiro is just about waking up to the news that it will not be enjoying his company next week, and I would not be surprised if the students there try to bring forward the carnival and take to the streets to celebrate.

The House was surprised to discover this week that the Department for International Development gave nearly £2 million of its precious development budget not to vaccinate children or put them into a classroom, but to help pay for the costs of the Pope's visit to the UK. May we have a debate on this extraordinary use of our development spending, and will the Leader of the House assure us that when the DFID aid reviews are complete they will be reported to the House by the Secretary of State in an oral statement?

Finally, I have been reading the Leader of the House's blog again and very interesting it is too. I was particularly intrigued to see that he described answering business questions as

"like being in a pub quiz".

As he invites me, and as almost everyone in the country now accepts that the cuts are being made too fast and are too deep, I will ask a question that is puzzling many people and perhaps he can provide the answer: why on earth should anyone vote Lib Dem in May? And for the bonus question: why should anyone vote Tory either?

Sir George Young: I am grateful to the right hon. Gentleman for that. I note that in our exchanges over the past four months he has never actually challenged the business that I have laid before the House. I hope that there is a broad consensus on the way in which the Government are conducting the business and putting it before the House, and that that is commanding support on both sides.

On the legislative consent motion, it is indeed our intention to secure that before we reach the appropriate stage in proceedings on the Scotland Bill, and I will contact my right hon. Friend the Secretary of State for Scotland to confirm that. We would be more than happy to debate party funding and draw attention to the fact that some 80% of the Labour party's funding comes from the trade unions, whereas my party has a much broader base. Any notion that we are over-influenced by any donations we may get from the City might have been destroyed by the statement on Wednesday, when £800 million was extracted from the banks in the City. I hope that will put an end to that particular myth.

On the statement made yesterday by my right hon. Friend the Chancellor, it was the Labour party that gave a substantial sum of money to the banks and got absolutely nothing in return. By contrast, as the right hon. Gentleman will have seen from the statement that we made yesterday, we secured substantial concessions from the banks—on lower bonuses, on more support, and on money for the big society bank. He needs to contrast the deal that we got with the deal that his party totally failed to secure.

I have indeed read the letter in *The Times* today from the Liberal Democrat councillors, and let me just remind the right hon. Gentleman of what it said:

"Local government has made efficiency savings of 3% in each of the past eight years—in stark contrast to the runaway spending of central government under the previous administration. We've also been planning for further saving since the true state of the economy became apparent six months ago."

So that is where they are coming from.

On the next issue that the right hon. Gentleman raised about local government, we had a substantial debate yesterday about local government. The fact is that we are borrowing an extra £400 million every day to plug the gap between spending and income, and that means tough decisions for all Departments, including the Department for Communities and Local Government. The right thing to do is now to sort out the deficit and end Whitehall domination of local government.

On local government funding and closures, may I remind the right hon. Gentleman of what the right hon. Member for Barking (Margaret Hodge) said when she was Culture Minister? She published a libraries consultation paper, in which she said:

"I don't think Government should prevent authorities from taking local decisions to close libraries if that makes sense locally and the needs of the community are taken into account".

We hope that local authorities will respond to the challenges that face them and that they will have a comprehensive and efficient library service, which is what they are required to do by statute.

On the Deputy Prime Minister's movements, the Bill on which we are debating Lords amendments next week is a Bill that he is sponsoring and it is entirely appropriate that he should be here to support it in the House. On the Department for International Development, the Catholic Church does a fantastic amount in terms of aid to underdeveloped countries and it seems entirely right that we should have recognised that in the support we gave to the Pope's visit. Finally, we look forward to the local government elections and we are confident of not only retaining the seats we have, but winning even more seats from the Opposition, who are still in total denial about the problems that they have left this country with.

Several hon. Members *rose—*

Mr Speaker: Order. As usual a very large number of right hon. and hon. Members are seeking to catch my eye. I am keen to accommodate people as best I can, but the House will be conscious of the fact that an important and very heavily subscribed debate is taking place afterwards under the auspices of the Backbench Business Committee, for which I must provide adequate time. So the emphasis is on short questions and short answers.

Nicholas Soames (Mid Sussex) (Con): Will my right hon. Friend make time for a debate on the middle east given that the Foreign Secretary will return, over the weekend, from an extremely important visit to some of our very important allies, and given that events taking place in Egypt and possibly elsewhere are of the first importance to the House and the country?

Sir George Young: I am grateful to my hon. Friend for his question. He is right that the Foreign Secretary is making a key visit to the middle east, and the Government will want to keep the House informed. We have had a debate on middle eastern matters in Back-Bench business time, but the Government have reserved the right, if necessary, to have debates in Government time on issues such as the one he refers to.

Natascha Engel (North East Derbyshire) (Lab): I thank the Leader of the House for listening to Back Benchers and allocating the next Back-Bench business slot in the Chamber to Monday 28 February. The leader is always very generous on a Thursday in pointing Back Benchers in the direction of the Backbench Business Committee when they demand debates in Government time. Will he emphasise that all non-Government business is legitimate Back-Bench business and that the Backbench Business Committee welcomes representations with open arms every Tuesday at 1 pm? Given the obvious and necessary conventions during statements and questions, will he meet me to discuss how I can make my public service announcements without thinly veiling them as rather convoluted questions?

Sir George Young: I am grateful to the hon. Lady for that. We did indeed listen to the representations that she and others made that Back-Bench business should not take place exclusively on Thursdays and, as she has generously recognised, we now have a Back-Bench debate on a Monday. I am a keen supporter of the Wright recommendations, which worked out the allocations for

[Sir George Young]

what the Government and her Committee ought to do, and we are anxious to abide by those. I welcome her public service announcements in the middle of business questions. In due course, we will move to a new regime, when we have a House business Committee, and there might then be an opportunity for her and other hon. Members to make such announcements in a different format.

Mr Greg Knight (East Yorkshire) (Con): May we have a debate on the increasing threat to endangered wildlife throughout the world? Is my right hon. Friend aware that growing demand for ivory in China is causing endangered African elephants to be butchered in ever-increasing numbers? If we cannot have a debate, will the Government at least tell the Chinese that all civilised countries in the world want to see an end to this sickening, barbaric and illegal trade?

Sir George Young: I entirely endorse what my right hon. Friend says and I shall draw his remarks to the attention of the Foreign Secretary, who will then want to respond in appropriate diplomatic language to the Chinese. On the broader point, it will be possible for the Backbench Business Committee to listen to his representations that the House should debate this crucial matter and I hope that on a Tuesday, at the appropriate time, he might present himself to the hon. Member for North East Derbyshire (Natascha Engel) and her Committee.

Mr Tom Watson (West Bromwich East) (Lab): Could we have a debate on the efficiency of the Cabinet Office, which appears to have got a bit rusty since my day? It has double-booked the Deputy Prime Minister—he has an important piece of legislation next week and he has cancelled a trip to Brazil. How much has that cost?

Sir George Young: The reason we are debating the Bill next week rather than earlier is because of the performance of the hon. Gentleman's colleagues in another place, who have taken much longer to process the Bill than they needed to. My right hon. Friend the Deputy Prime Minister is, as I am sure the hon. Gentleman would expect, putting the House first next week.

Greg Mulholland (Leeds North West) (LD): May we have a debate, led by the Leader of the House, on the conduct of Members in the Chamber? This follows the revelations that a Member who happens to have a disability was subject to mimicry, face-pulling and jeering. The response given was that had some of those Members known about that Member's disability, they would not have done that, but the inference is that they still feel that mimicry, face-pulling and jeering is acceptable, but it is not. Let us stamp it out.

Sir George Young: I think I am verging on to your responsibilities, Mr Speaker, in commenting on the performance of Members in the House, but I am sure that Members on both sides will condemn the way in which my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard) was treated when he made that speech on child trust funds. I very much hope that there will be no recurrence of that incident. On the general point about behaviour in the Chamber, responsibility for that happily rests with you, Mr Speaker, and not with me.

Hazel Blears (Salford and Eccles) (Lab): Last week in Munich, the Prime Minister made a very important speech about the need to tackle extremist Islamist ideology. At the same time, I hear that there have been significant cuts to the organisation Quilliam, which is a very effective counter-extremist organisation. Will the Leader of the House therefore arrange for us to have a debate about how we can tackle these extremely important, complex and difficult issues, and particularly about the role of Quilliam in being very brave on that agenda?

Sir George Young: I join the right hon. Lady in paying tribute to the Quilliam Foundation, which does heroic work in that important area and continues to receive six-figure funding from the Government. I will draw her comments to the attention of the Home Secretary. I hope there will be broad endorsement of what the Prime Minister said in his speech on multiculturalism about the need to tackle extremism in all its forms. We cannot allow extremists to propagate their message unchallenged and we need less of the passive tolerance of recent years and more active, muscular liberalism. I would welcome a debate on that subject.

Mr Bernard Jenkin (Harwich and North Essex) (Con): May I ask my right hon. Friend if we could find time for a short debate about the role of the Committee of Selection? Will he confirm that he is aware that one of our hon. Friends, who was elected to this House to major on the health service, was apparently asked by a Whip and a Minister to decline from tabling any amendments or speaking in the Health and Social Care Public Bill Committee, otherwise she would not be appointed to that Committee? I understand that she has not been appointed to that Committee. We are all grown-ups; we know that whipping happens, but are there not limits to how much Whips and Ministers should be seeking to influence the scrutiny process, and does not this make the case for making the Committee of Selection elected rather than full of people appointed by the usual channels?

Sir George Young: I heard the speech that my hon. Friend the Member for Totnes (Dr Wollaston) made in Westminster Hall last Thursday in the debate on parliamentary reform, when she shared with those there her disappointment at not being appointed to that Public Bill Committee. I served on the Committee of Selection probably for longer than anyone else in this Chamber as a non-Whip, and there was a Bateman cartoon moment when I called a Division, which apparently had not been done in the Committee of Selection for a very long time.

Speaking personally, I think that every hon. Member should have the right to put their case to the Committee of Selection that they should be considered for service on a Public Bill Committee, and then it is a matter for the Committee of Selection to decide. I personally would welcome the presence on the Committee of Selection of not just business managers but representatives of Back Benchers.

Mr Nigel Dodds (Belfast North) (DUP): I am sure the whole House will join with me in extending our sympathy to those who have been killed this morning in the crash of the Belfast-Cork flight and extend our best wishes for the early recovery of those injured.

May we have a debate in Government time, before the Budget, on the high price of fuel in Northern Ireland—the price of domestic heating oil and the prices at the pump for diesel and petrol, which are the highest in the UK?

Sir George Young: I am sure the whole House will share the sentiments that the right hon. Gentleman has expressed about the casualties in the aircraft at Cork and want to send our good wishes for the survivors.

We had a debate last night on precisely the subject that the right hon. Gentleman mentioned—the high price of domestic heating oil—which was answered by the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Wealden (Charles Hendry). I will indeed see, perhaps in conjunction with the Backbench Business Committee, whether there are any other opportunities for debate; the right hon. Gentleman might like to apply for a debate in Westminster Hall or another debate on the Adjournment, which might focus on the specific situation in Northern Ireland.

Chris White (Warwick and Leamington) (Con): In Warwickshire, the number of people employed in manufacturing has fallen from 34,000 in 2001 to just over 26,000 in 2009—a fall of nearly 25%. As the latest Department for Business, Innovation and Skills report, "Trade and Investment for Growth", made clear, boosting manufacturing is vital not only to increase employment but to rebalance our economy. Will the Leader of the House provide Government time for a debate on how we can achieve the manufacturing growth that is so essential to our economy?

Sir George Young: I endorse the sentiments that my hon. Friend expresses. Next Thursday there will be an opportunity to raise the matter with BIS Ministers, who will be at the Dispatch Box. We have acted to improve the environment for manufacturers, both nationally and in the midlands, with lower and simpler business taxes, investment in apprenticeships, wider access to finance and the Government-wide commitment to boosting exports—plus, of course, the regional growth fund, for which my hon. Friend's constituents will be eligible to bid.

Nick Smith (Blaenau Gwent) (Lab): Early-day motion 1367 has received support from over 100 MPs in just 10 days.

[That this House recognises and honours the immense courage and patriotism shown by UK armed service personnel and their dependants; commits to providing them with the highest levels of support and reward; notes with concern the Government's proposed permanent switch to the consumer prices index from the retail prices index for the annual indexation of benefits and pensions since this represents a year-on-year reduction which will impact when the economy has returned to growth; further notes the cumulative financial loss this will cause service personnel and their dependants, including war widows and those serving in Afghanistan now; warns that a double amputee 28 year old corporal will lose £587,000 by the age of 70 and a 34 year old widow of a staff sergeant killed in Afghanistan will lose almost £750,000 over the course of her lifetime; and urges the Government to commit to making this switch temporary so that as soon as the fiscal climate allows and the deficit has been paid off our forces and their dependants receive that higher rate of pensions and benefits they deserve.]

It calls on the Government to honour the military covenant and give our disabled soldiers and war widows RPI rather than CPI increases on their pensions. Our servicemen have done their duty for our country, and are being let down when their need is greatest. Will the Leader of the House please agree to a debate on this important matter, so that the Government can hear the views of MPs who want a fair deal for our armed services families?

Sir George Young: I pay tribute to the work of our armed forces. We will soon publish a new tri-service armed forces covenant, which will be the first of its kind, setting out the relationship between the armed forces community, the Government and the nation. As the hon. Gentleman may know, the Armed Forces Bill, which is currently going through the House, places on the Secretary of State a commitment to lay before Parliament every year a report on what is being done to live up to the covenant, and he will have heard the Prime Minister yesterday, at this Dispatch Box, outlining the steps we have taken to support our armed forces.

Priti Patel (Witham) (Con): With co-ordinated strike action being planned by the paymasters of the Opposition—the trade union movement—will the Leader of the House make Government time available for a debate on reform of trade union laws?

Sir George Young: If my hon. Friend looks at the Queen's Speech, she will realise that we are not planning any reform of trade union law in this Session of Parliament, which is already fairly congested. However, I would welcome a debate, perhaps in Back-Bench time, on the relationship between the trade unions and this House and the trade unions and society generally, and I hope that in that debate the moderate elements within the trade unions will put their case forward and see off some of the hotheads.

Mr Michael McCann (East Kilbride, Strathaven and Lesmahagow) (Lab): Last August, I received information that DFID Ministers had plans to cut 165 jobs at DFID in East Kilbride. At that time I was accused by Ministers of scaremongering and putting information into the public domain that was wholly inaccurate. At 10.30 this morning, the staff at DFID were told that more than 140 jobs will be lost in that office. Will the Leader of the House confirm to me, therefore, that DFID Ministers will make an oral statement to the House, explaining why these job losses are taking place, explaining the impact on both the multilateral and the bilateral aid reviews, and finally, apologising to the staff of DFID at East Kilbride and me for misleading them last year?

Sir George Young: Of course I understand the hon. Gentleman's concern about the loss of jobs in his constituency. Next Wednesday, there is half an hour of questions to DFID Ministers, where there will be an opportunity for him to raise the subject. I will let my right hon. Friend the Secretary of State know that he is likely to be in his place to raise that important issue.

Dr Julian Lewis (New Forest East) (Con): May I endorse what the right hon. Member for Salford and Eccles (Hazel Blears) said about the cuts to the grant to the Quilliam Foundation, and call for a statement specifically on that? While I welcome the Leader of the

[Dr Julian Lewis]

House's response to her, may I point out to him that there is a great difference between a six-figure sum of about £124,000 and a six-figure sum in excess of £800,000? The right hon. Lady did very important work on this matter when she was a Cabinet Minister and her views deserve to be listened to very attentively.

Sir George Young: I am grateful to my hon. Friend for that. I repeat what I said to the right hon. Lady. The Home Office receives a wide range of bids for funding from many organisations, and as with other areas of public spending that funding is subject to value-for-money and effectiveness assessment, but I will ensure that my right hon. Friend the Home Secretary is aware of the very strong views in the House on that grant.

Stewart Hosie (Dundee East) (SNP): In response to the question that the shadow Leader of the House asked about the Scotland Bill, the Leader of the House said it was the Government's intention not to proceed until they had secured the legislative consent motion. Notwithstanding that this Government cannot secure any such thing—that is a matter for the Scottish Parliament—can we have a guarantee that the Committee stage of the Scotland Bill will not proceed until the Scottish Parliament has finished its deliberations and the LCM has been voted for?

Sir George Young: I understand the hon. Gentleman's concern. I prefer to rest on the answer that I gave to the shadow Leader of the House. It is our intention to secure the LCM before we proceed with the Committee stage of the Bill.

Graham Evans (Weaver Vale) (Con): A recent e-mail to Members from the Stop HS2 campaign was riddled with inaccuracies, exaggerations and distortions. The high-speed rail link between London and Manchester is absolutely essential for promoting investment in northern constituencies such as mine, but unfortunately a ragtag alliance of luddites and nimbys appears to be making ludicrous arguments against the plans. May we have a debate on high-speed rail so that these falsehoods can be tackled head on?

Sir George Young: The Attorney-General will have heard the robust language used by my hon. Friend to describe other hon. Members. I think that I am right in saying that there is a bid to the Backbench Business Committee for a debate on HS2, and I hope that that will be an opportunity to debate the matter further. I remind my hon. Friend that, as he knows, it is the Government's policy to proceed with this investment.

Mr Ben Bradshaw (Exeter) (Lab): May we have a debate on the big society and the yawning gap between the Prime Minister's warm words and the reality? Home-Start is a wonderful charity, working with the most vulnerable families in your constituency, Mr. Speaker, and that of the Leader of the House, and it has been repeatedly praised by the Prime Minister, yet funding is being completely withdrawn from 70 of its branches, including mine in Exeter, many of which are closing. Is that really what he means by the big society?

Sir George Young: I hope that the right hon. Gentleman will recognise that some 3 million people in this country want to volunteer but at the moment are not doing so and that there is an untapped potential that we want to unlock through our big society initiative. There is a good tradition of volunteering in this country and it is right for the Government to try to develop that.

Nadhim Zahawi (Stratford-on-Avon) (Con): May we have a debate on the financial code on bonuses, which was introduced on 1 January? The Chancellor has introduced the toughest such code of any financial centre of any size in the world, but, most importantly, it should encourage behaviour that creates value by bonuses being deferred for at least three years, being linked to performance and being taken in shares, which can go down as well as up.

Sir George Young: My hon. Friend is absolutely right. He may have heard the statement that my right hon. Friend the Chancellor made yesterday when he contrasted the previous Government's lack of success in getting a number of banks to sign up to the code with the large number that we have persuaded to sign up to it, which, as he said, is one of the toughest in Europe.

Ian Austin (Dudley North) (Lab): May I add my voice to a call for a debate on the Prime Minister's important speech at the weekend, so that we can discuss in the House how we can build a much stronger sense of what it means to be British, based on the contribution that people are prepared to make, whether they want to work hard, play by the rules, pay their way, whether they are prepared to speak English, because that is the only way to play a full role in British society, and their commitment to the great British values of democracy, equality, freedom, fairness and tolerance?

Sir George Young: I very much welcome the hon. Gentleman's contribution, which is very much in the same vein as that of my right hon. Friend the Prime Minister. I would welcome such a debate, for which I think there is an appetite in the House. We should be absolutely clear what is meant by my right hon. Friend differentiating Islamist extremism, which is a political ideology, from Islam. As I said, we need a genuinely liberal country such as this one, which believes in certain values, and we should do more actively to promote them.

Stuart Andrew (Pudsey) (Con): Greenfield sites in my constituency and across Leeds are being lost to development at appeals, despite their being turned down by local councillors. May we have an urgent debate on how to prevent and preserve these sites, and reintroduce a sequential approach to planning, particularly during this interim period while the Localism Bill goes through the Parliament?

Sir George Young: My hon. Friend will welcome the provisions in the Localism Bill, which will give much greater weight to the views of local people than the present top-down arrangement. He raises a key issue about what happens before the Bill kicks in, and I will draw his remarks to the attention of my right hon. Friend the Secretary of State for Communities and Local Government.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): In view of recent events in Sudan, most of them positive, but still in a challenging context, does the Leader of the House agree that there should be a debate

on the Floor of the House so that the many Members who are interested in this very important issue can participate?

Sir George Young: I understand what the right hon. Gentleman says, which reinforces a remark made by my hon. Friend the Member for Mid Sussex (Nicholas Soames) that there is an appetite in the House to debate the middle east. I would like to reflect on what he says and see whether we can find an appropriate opportunity for the House to share its views on these important issues.

Robert Halfon (Harlow) (Con): As a proud trade union member, not affiliated to the Labour party, will the Leader of the House find time for a debate on the safety of NHS workers.

[That this House is concerned by the risks and threats posed to nurses when working alone, especially when working late shifts in the evenings and at night-time, especially in Harlow or the surrounding villages; notes that nurses are not always supplied with panic alarms or torches, and that many are affected by lone working policies, where they do not have organised chaperones or a buddy system, even very late at night; further notes that this is almost never the case for a GP or doctor; regrets that mobile telephone signals are not wholly reliable in some areas for emergency contact; and therefore calls on the Government to look at what urgent steps might be taken to protect NHS nurses on the frontline.]

As I highlighted in my early-day motion 1409, many nurses in my constituency of Harlow and the nearby villages work alone late into the night. They are not always given safety equipment, such as panic alarms and torches, and they are not allowed travelling companions. Will the right hon. Gentleman write to the Health Secretary to raise this issue?

Sir George Young: Like my hon. Friend, I am a non-trade union member. I was expelled from the Association of Scientific, Technical and Managerial Staffs in the 1970s and described as a "pin-striped bovver boy".

My hon. Friend raises a serious issue about the safety of staff working on their own for the NHS, which has a responsibility to look after its staff. The management service has rolled out an alarm protection service for NHS staff who work alone, and employers can take advantage of the service by providing staff who work alone with alarms. I understand that his PCT has taken advantage of this service.

Kevin Brennan (Cardiff West) (Lab): I think that the business statement implies that on Tuesday we will have a chance to debate the Lords amendment on a threshold before the referendum on AV becomes mandatory. As an electoral reformer myself, I want the referendum to go through and I will vote yes, but it would be difficult to accept that the result could be compulsory on an extremely low turnout. What is the Government's attitude likely to be towards this on Tuesday?

Sir George Young: I think that I am right in saying that when we debated the matter in this House, Opposition Front Benchers were against a threshold, and that certainly remains the position of the Government. But there will be an opportunity on Tuesday, as I said, for the House to debate the Lords amendments, including the one on the threshold.

Gavin Barwell (Croydon Central) (Con): In the light of the comments by the shadow Chancellor claiming that the UK did not have a structural deficit before the recession, and figures from the House of Commons Library showing that it did in every year from 2000-01 onwards, may we have a debate on facing up to reality?

Sir George Young: In a sense, we had that debate on Tuesday, when the Chancellor took the shadow Chancellor to task. For the shadow Chancellor to deny that there was a structural deficit even before the banking crisis is simply to deny reality.

Barry Gardiner (Brent North) (Lab): Yesterday, the Government's chief scientific adviser, Sir John Beddington, launched the Foresight project's report on global food and farming futures. May we have a debate in Government time to consider the implications of the report and its effects on climate change, biodiversity, poverty, hunger and water shortages throughout the world?

Sir George Young: I understand the hon. Gentleman's concern. It is an important report. I suggest that he apply for a debate in Westminster Hall, which I am sure would be well attended in view of the importance of the subjects that he has raised.

Brandon Lewis (Great Yarmouth) (Con): My right hon. Friend will no doubt be aware of the concern of communities in Norfolk and Suffolk about the effects of coastal erosion. One of the ways of potentially addressing that is by establishing a community solidarity fund to pay for preventive measures. Will he confirm that the Government support that approach, and perhaps help us to arrange for an early debate on the issue?

Sir George Young: The Government are very much in favour of the community support that my hon. Friend has just mentioned to tackled coastal erosion. Local authorities already have the necessary powers to raise funds and carry out coastal erosion works, but if there are any barriers to the initiative to which my hon. Friend refers, the Government would be happy to discuss them with him.

Dame Anne Begg (Aberdeen South) (Lab): Will the Leader of the House find time for a debate on the unfairness facing the 500,000 women who were born between 6 October 1953 and 5 April 1955, who will now have to wait for more than one year in order to reach their state retirement age because of the acceleration of the raising of the state retirement age to 66, and particularly the group who were born between 6 May and 5 June 1954, who will have to wait up to two years before they reach state retirement age?

Sir George Young: I understand the strong views that the hon. Lady expresses on behalf of those who are caught in the gap to which she refers. There will be Department for Work and Pensions questions on Monday, but, subject to a decision of the Backbench Business Committee, we usually have a debate on international women's day. I do not want to pre-empt any decision by that Committee, but that would seem an appropriate subject to raise if such a debate took place.

Harriett Baldwin (West Worcestershire) (Con): I draw your attention, Mr Speaker, to my entry in the Register of Members' Financial Interests as a board member of the Social Investment Business. May we have a debate in Government time on yesterday's fantastic news about £200 million of private sector money going into the big society bank? I am sure that all Members would welcome that and want to attend, particularly the Leader of the Opposition, who tried to get that going in 2007 when he was in the Cabinet Office?

Sir George Young: I agree that such a debate would be well supported. My hon. Friend underlines the point that we managed to secure that from the banks, which Opposition Members totally failed to do when in government. The £200 million—a huge sum—will be put to fantastic use by those who believe in the big society.

Mr Dave Watts (St Helens North) (Lab): Given that it is the low-paid and those on low incomes who are paying the highest price for the cuts, that the people who caused those cuts, the bankers, are now bankrolling the Tory party and that those bankers are now enjoying better and higher bonuses and tax cuts, may we have a debate on who is generating this Government's economic policies—the Government or the bankers?

Sir George Young: It is no use going on and on and blaming the bankers. If the hon. Gentleman looks at the position this country was in before the banking crisis, he will see that we were running a huge structural deficit. There is no conviction at all when Opposition Members go on trying to blame the banks, because it is they who are responsible for the difficult decisions we now must take. His party did absolutely nothing about bonuses; they obliged the banks that they supported to go on paying market rate bonuses, whereas we have secured a reduction.

Rehman Chishti (Gillingham and Rainham) (Con): May we have an urgent debate on the performance of Southeastern trains, whose contract is due for extension, so that its performance figures can be fully and thoroughly scrutinised on the Floor of the House, because many of my constituents are receiving a poor service?

Sir George Young: I am sorry to hear that my hon. Friend's constituents are not getting the service to which they are entitled from Southeastern trains. There is a provision in the agreement for a two-year extension, subject to a continuation review where performance is assessed, and the performance data provided for assessment are subject to rigorous audit by performance analysts in the Department for Transport. My right hon. Friend the Secretary of State for Transport expects to notify the operator of the outcome of this review in due course, and I will draw my hon. Friend's remarks to his attention.

Ian Lavery (Wansbeck) (Lab): Will the Leader of the House allow time to discuss the alarming changes imposed on the terms and conditions of employees of the House and parliamentary staff, including the long service award for 30 years' service?

Sir George Young: As that relates to the employment of House of Commons staff, it might be a matter for the House of Commons Commission to discuss. I am sure that it would be happy to receive a letter from the hon. Gentleman if he wishes to pursue the case further.

Sajid Javid (Bromsgrove) (Con): May we have a debate to convey the concerns of the House about the plight of Said Musa, who is in prison in Afghanistan and facing execution for being a Christian? Given the urgency and sensitivity of the matter, will the Leader of the House raise it at the highest levels so that we can stop that heinous act?

Sir George Young: This is a terrible case of denying the right of freedom of religion. We will continue to remind the Afghan Government of their duty to abide by commitments on freedom of religion and belief and to respect freedom of worship, as enshrined in the Afghan constitution. I will draw my hon. Friend's remarks to the attention of the Foreign Secretary.

Ian Murray (Edinburgh South) (Lab): Many hundreds of pensioners have written to me with concerns about their public sector pensions being increased in future by the consumer prices index, rather than the retail prices index. May we have an urgent debate on this important issue?

Sir George Young: The hon. Gentleman refers to a decision that we announced some time ago that affects all public sector pensions. We will have the Budget next month, and normally the Budget debate provides an opportunity to debate such issues.

Neil Carmichael (Stroud) (Con): May I ask the Lord Privy Seal for a debate on social care, and in particular on the introduction of personal budgets and their impact on the quality and range of providers?

Sir George Young: We attach great importance to social care, which is why an extra £1 billion has been found to invest in it. My view is that self-directed support and personal budgets enable a much better tailored service to be provided to receivers of care. It is part of our agenda to drive that forward, move away from the set menu that all too many local authorities offer and have a much more diverse range of providers so that people can get better value for money.

Charlie Elphicke (Dover) (Con): May we have a debate on knife crime, which is a serious concern for my constituents in Dover and Deal? There were more than 100 serious knife crimes a day in 2008-09, and in 80% of cases the perpetrators escaped jail. With the Home Office having taken positive steps and the recent report by knife crime crusader Brook Kinsella, this would be a good time for the House to debate the matter.

Sir George Young: I welcome what my hon. Friend says. I cannot promise a debate, but he rightly draws attention to the initiative of Brook Kinsella. The Home Secretary has announced more than £80 million to tackle knife, gun and gang crime, responding to that report. Under Labour, there were more than 100 serious knife crimes a day, and we want to reduce that figure.

Andrew Bridgen (North West Leicestershire) (Con): May we have an urgent debate on the size of the national debt, and will the Leader of the House please ensure that it is wide enough to look at historical trends in its growth? Those trends will show that when the

Leader of the Opposition was born, national debt stood at £612 per person in this country, whereas today it stands at a frightening £22,265 per person.

Sir George Young: Opposition Members say that they are concerned that the Government are selling out on the next generation. My hon. Friend reminds the House graphically of the debt that we are passing on to our children and grandchildren. One of the reasons we want to take early action on the deficit is to reduce the burden that we inflict on the next generation.

Mr Philip Hollobone (Kettering) (Con): In order better to facilitate the future business of the House, would my right hon. Friend consider sorting out the wonky queuing system in the voting Lobbies? Those of us among the 245 Members who have to struggle through the G-to-M group have a far tougher time than those going through in his own group, in which there are only 192 Members. I suggest that the answer to the problem is to promote all hon. Members whose surnames begin with "Mc" to his queue, which would still be the smallest, as Divisions would be far less likely to be delayed.

Sir George Young: I want to speak up for the minority whose names begin with letters between S and Z. Having a name beginning with Y has been a serious disadvantage in every election I have fought, and a small compensation for that is going through the voting Lobby slightly faster than my hon. Friend. It is an advantage that I am reluctant to forgo.

Henry Smith (Crawley) (Con): I, too, feel that with a passion.

Recently, the Public Accounts Committee highlighted that over the past nine years approximately £1 billion of waste was incurred by the Highways Agency on upgrading the M25. At a time of public sector constraint in budgets, and when we need greater infrastructure investment, may we have a debate on the auditing of that important agency?

Sir George Young: There will be opportunities to debate PAC reports. We welcome the report to which my hon. Friend refers, which was published on 8 February, on the mishandled M25 project. We are determined to get value for money for taxpayers and want to learn the lessons of the report and act on its recommendations.

Alun Cairns (Vale of Glamorgan) (Con): Will the Leader of the House agree to a debate on financial regulation so that we can examine the failures of the system set up by the shadow Chancellor and move to a system in which banks can be competitive and yet pay their way?

Sir George Young: There will be legislation on financial regulation, as we hope to put right the regime that we inherited, which manifestly failed. When that Bill comes forward, in either substantive or draft form, my hon. Friend will have an opportunity to develop his arguments.

Points of Order

12.19 pm

Geoffrey Clifton-Brown (The Cotswolds) (Con): On a point of order, Mr Speaker. As Chairman of the Committee of Selection, I listened with great care to the remarks that my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) made during business questions regarding the non-selection of—or the wishes in respect of selecting—my hon. Friend the Member for Totnes (Dr Wollaston) to the relevant health Bill Committee. I shall report those remarks to the Committee of Selection when it next meets next Wednesday. I am sure the Committee will wish to investigate the incident fully and, possibly, take action following that investigation.

Mr Speaker: I am grateful to the hon. Gentleman, whose point of order has been helpful to the House.

Thomas Docherty (Dunfermline and West Fife) (Lab): On a point of order, Mr Speaker. Last Thursday during business questions I inadvertently misled you and the House about a part of some correspondence that I had received from Her Majesty's Treasury. I have spoken about the matter to the Leader of the House, who has been very gracious, but I wanted the opportunity to set the record straight and to inform you, Mr Speaker, of my deep regret at having misinformed the House. I should be grateful for any advice on further action you feel it necessary for me to take.

Mr Speaker: I am extremely grateful for the gracious apology that the hon. Gentleman proffers, but I can think of no further action that is required on his part. I think the House will appreciate what he says.

Ian Murray (Edinburgh South) (Lab): On a point of order, Mr Speaker. During the business questions that have just elapsed, I was deeply concerned to hear the hon. Member for Leeds North West (Greg Mulholland) make unsubstantiated claims about an incident that allegedly took place in the Chamber. Will you, Mr Speaker, give us some guidance on whether his comments were in order, and on whether you or the media run this Chamber?

Mr Speaker: What I would say to the hon. Gentleman is twofold: first, there was nothing disorderly in what the hon. Member for Leeds North West (Greg Mulholland) said, because if there had been I would have prevented him from saying it or observed that it was disorderly, and it was not; secondly, of course I am in charge in the Chamber. I am aware of the matters to which the hon. Member for Edinburgh South (Ian Murray) refers and have myself made some public comment on the issue in question. It has also been the subject of private discussions, but I should want to leave it at that. I think that that is the wish of a number of people who have contributed to the exchanges on the subject, and I am grateful to the hon. Gentleman. I hope that is helpful.

Backbench Business

[20TH ALLOTTED DAY]

Voting by Prisoners

[Relevant document: The Fifth Report from the Political and Constitutional Reform Committee, Voting by convicted prisoners: summary of evidence, HC 776.]

Mr Speaker: I must inform the House that I have selected neither of the two amendments on the Order Paper.

12.21 pm

Mr David Davis (Haltemprice and Howden) (Con): I beg to move,

That this House notes the ruling of the European Court of Human Rights in Hirst v the United Kingdom in which it held that there had been no substantive debate by members of the legislature on the continued justification for maintaining a general restriction on the right of prisoners to vote; acknowledges the treaty obligations of the UK; is of the opinion that legislative decisions of this nature should be a matter for democratically-elected lawmakers; and supports the current situation in which no prisoner is able to vote except those imprisoned for contempt, default or on remand.

The motion stands in the names of the right hon. Member for Blackburn (Mr Straw), my hon. Friend the Member for Esher and Walton (Mr Raab), my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips), my hon. Friends the Members for Kettering (Mr Hollobone) and for Basildon and Billericay (Mr Baron) and, of course, myself.

I thank the Backbench Business Committee for giving us the opportunity today to have this debate. There have been many important debates in this slot, but I lay claim to this one being unique, because it gives this House—not the Government—the right to assert its own right to make a decision on something of very great democratic importance, and to return that decision to itself.

The motion before the House about prisoner votes splits cleanly into two parts. First, is the requirement to give prisoners the vote sensible, just, right and proper? Secondly, who should decide? Should it be the European Court of Human Rights, or this House on behalf of the British people?

Let me start with the substantive question: should prisoners be given the vote? I yield to no one in my commitment to the defence of the ancient freedoms and rights of this country, and I hope the House accepts that, but there is an important point about not confusing the rights that are properly held by everybody who is a British citizen or who lives in our country with those much more circumscribed rights that are given to prisoners. Prisoners of course have rights—the right to be treated decently, not to be ill treated, to be fed, and to be kept warm, given shelter and clothing—but those rights do not extend to the same rights of a free British citizen.

When someone commits a crime that is sufficiently serious to put them in prison, they sacrifice many important rights: not only their liberty, of course, but their freedom of association, which is also guaranteed under the UN charter of human rights and the European convention on human rights, and their right to vote. The concept is simple and straightforward: "If you break the law, you cannot make the law."

The European Court of Human Rights argues that that is a blanket rule—that is its rather pejorative term. But, actually, that is untrue, and the Court is ill informed in saying so, because three categories of prisoner are excluded from losing the right: remand prisoners, contempt of court prisoners and fine defaulters. None of those loses the vote, and for different reasons. The remand prisoner does not because they have not been convicted or sentenced, so it is inappropriate for them to lose it until they are sentenced. That is a logical exception. The other two do not lose it because their crimes are below the threshold of seriousness that we judge means that they lose the civic right to vote.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I congratulate my right hon. Friend on obtaining the debate and on seizing upon the issue. I served on the Centre for Social Justice task force on prisons, chaired by our former friend Jonathan Aitken, and we discovered absolutely no demand from prisoners for that so-called right. Indeed, it was never an issue in the British prison system until the lawyers got hold of it through the European convention on human rights, and to that extent it is completely irrelevant to the real issues that face our prison system and the prisoners in it.

Mr Davis: I could not agree more with my hon. Friend. Indeed, if there were an argument that giving prisoners the vote would cut recidivism, cut re-offending rates and help the public in that way, I would consider the matter, but giving prisoners the vote would not stop one crime in this country, and that is after all the point of the justice system in the first place.

Let me return to the main text. Other prisoners do lose the vote, but we must understand that for someone to be sent to prison in this country in this day and age requires a very serious crime or series of crimes. There are convicted burglars and convicted violent criminals, who have never been to prison, walking the streets today, so there is a very serious threshold.

Naomi Long (Belfast East) (Alliance): Recently, in Northern Ireland, a young woman was given a custodial sentence for a first offence of stealing a pair of jeans worth £10. The case is being appealed, but it suggests that not every custodial sentence is given because of a very serious offence or string of serious offences.

Mr Davis: There is an old argument that hard cases make bad law, and it may well be—it sounds very likely—that that young lady's custodial sentence will not be upheld. The general point, however, is very clear: it takes a pretty serious crime to get someone sent to prison. As a result, that person has broken their contract with society to such a serious extent that they have lost all these rights: their liberty, their freedom of association and their right to vote.

The law is not unjust. Every citizen knows that the same level of crime that costs them their liberty costs them their vote. What the Court calls a blanket rule, I call uniform justice.

Dr Andrew Murrison (South West Wiltshire) (Con): Does my right hon. Friend think it reasonable for the European Court of Human Rights to insist on a right for individuals if those individuals have not bothered either to register to vote or, indeed, to vote when they have not been in custody?

Mr Davis: My hon. Friend makes an interesting point. It would be quite interesting to see how many prisoners have ever voted, let alone how many voted at every election in the run-up to their incarceration.

The Court also argues that the penalty is not proportionate, but again that is plainly wrong. We are not one of those countries where, when someone is convicted of a criminal offence and sentenced to prison, they lose the right to vote for ever. Such places do exist. Indeed, in one state of the United States, people lose their right to vote de facto for ever, but we are not one of those places. When someone is in prison, they cannot vote; when they are released, all their civic rights are completely reinstated, meaning that that denial is an absolutely proportionate response to the seriousness of the crime. If the sentence reflects the crime, the denial of the vote also reflects the crime.

Let me be clear. In my view, convicted prisoners should not have the vote: robbery, rape, drug dealing—frankly, the crime does not matter, given its seriousness. But, despite what the Justice Secretary said the other day, violent criminals, sex offenders and drug dealers will get the vote if we accept the compromises that have been aired so far. The Government talk about a less than four-year rule, but 28,000 people convicted of serious violent crimes, sex crimes and crimes against children would be incorporated in that. Even a one-year rule would include thousands of people, many of whom will have committed serious crimes from which we would recoil.

Mr John Baron (Basildon and Billericay) (Con): I completely agree with my right hon. Friend. The right to vote underpins our democracy, but that right is a qualified right, not an absolute one. Does he agree that these qualifications should therefore be established by this Parliament, not by unelected European institutions that wish to bypass our established laws?

Mr Davis: My hon. Friend takes me ahead of myself. As he well knows, the simple truth is that these are politically appointed judges, many of whom do not have enormous experience in court. Indeed, some of them have no experience in court, even in their own countries, let alone ours.

Mr David Evennett (Bexleyheath and Crayford) (Con): I congratulate my right hon. Friend on obtaining this debate and on his excellent speech, which is developing a most interesting theme. Does he agree that giving votes to any prisoners is quite incomprehensible to our constituents, who sent us here to make the rules and the laws, not to have the European Court make them for us?

Mr Davis: Of course my hon. Friend is right. One of the points about laws in a democracy is that they exist with, at the very least, the acquiescence—the consent, we hope—of everybody in that democracy. Between 75% and 90% of the population cannot understand what we are doing even considering this proposal.

Let me go back to the compromises that have been talked about. It is not my aim to put the Government in a difficult position from which they cannot escape; the issue is whether those compromises would work. The proposals put up so far—four years, one year, six months—would not work. They would not escape the threat that we have had held over us of compensation or some other form of penalty against our taxpayers. In fact, one member of the Council of Europe, Austria, did give the vote to prisoners serving less than one year, and it then appeared in the Court and was found against.

Just how ridiculous this is became clear earlier this week, when the European Commissioner for Human Rights appeared on Radio 4. Because he had said that a blanket rule would not work, he was asked what the guideline was, and he said, "A breach of electoral law." That would put us in the ridiculous position whereby we denied the vote to somebody who broke electoral law, in however minor a way, yet gave it to the rapist and the murderer. It is so ridiculous that I cannot believe he really meant it.

Robert Halfon (Harlow) (Con): I congratulate my right hon. Friend on securing this important debate. Does he agree that it is rather strange that we are being forced to do this by the European Court of Human Rights, many of whose own judges come from authoritarian regimes? Is it not time to withdraw from its jurisdiction?

Mr Davis: I am now going to lose the House, because I do not agree with withdrawing from the regime. I will explain why in a moment.

Let me conclude this half of my speech—I am using up too much of my time giving way—by saying that it is clear to me that our current system is appropriate, just, proportionate, simple and well understood, and we should stick with it.

The second substantive issue before us is who should decide—the European Court or these Houses of Parliament? British courts themselves are clear on the matter. They rejected the claims of Mr Hirst, the axe killer, at every stage. The High Court said in terms that this was

"plainly a matter for Parliament, not the courts".

To those who say, "But we must obey the law", I say that the historical task of this Parliament is to correct bad law, no matter where it comes from.

George Hollingbery (Meon Valley) (Con): Will my right hon. Friend give way?

Mr Davis: For the last time.

George Hollingbery: The second half of my right hon. Friend's argument illustrates the difficulty in the motion, which seems to conflate two highly related but different issues, one of which is the right of prisoners to vote and the other is the enforceability of the European convention on human rights. As a parliamentarian, I find myself split: it is very difficult to know how I am supposed to vote once on something that asks two questions.

Mr Davis: My hon. Friend faces this issue every time he votes on a Third Reading; if he has not noticed that yet, I am sorry for him. The truth is that there are two issues, both important, in my view, and both with enormous strength behind them. If he does not feel that he can vote on the motion, perhaps he should abstain.

The Court's authority rests solely on the European convention on human rights, which is both the source of its power and the limit of its power. When Britain

[Mr David Davis]

signed up to the European convention on human rights, it was to help to prevent a repeat of the horrors of the second world war and of Nazism, and, indeed, the horrors of the growing Soviet empire at that point in time; it was to protect people from ill-treatment, and to protect their life, liberty, free speech, and right to a fair trial. Those are all very serious and fundamental issues. What we emphatically did not sign up for was giving prisoners the right to vote.

Mr Robert Buckland (South Swindon) (Con): Will my right hon. Friend give way?

Mr Davis: For the very last time.

Mr Buckland: Was not the convention called the charter of fundamental rights and freedoms at that time, and have we not lost the plot in terms of its development?

Mr Davis: My hon. Friend is right—he makes a very good point. The then Labour Government well understood this when they excluded from the text the words "universal suffrage". They did that because although we have a very wide and general suffrage and a very democratic state, we do not have universal suffrage. The Strasbourg Court has imposed judgments on Britain that are outside the original treaty. We have signed a contract; it has gone beyond that contract.

The Attorney-General (Mr Dominic Grieve): Will my right hon. Friend give way?

Mr Davis: If my right hon. and learned Friend insists, although I am very short of time.

The Attorney-General: I have one advantage over my right hon. Friend, which is to have been able to go and look at the archives on what happened in 1951. I think the reasons why we objected to the use of the words "universal suffrage" were twofold: first, there was some anxiety over the position in the colonies; and secondly, there was a concern about whether proportional representation would be imposed on us as a result. Once those issues were clarified and removed, the United Kingdom signed up.

Mr Davis: I am sure that my right hon. and learned Friend, who is a very close friend as well, checked the travail préparatoire in which one of his predecessors—Dowson, I think—said in terms that we had general suffrage but it could not be described as universal suffrage. That is what I was resting the point on.

Since about 1978, the European Court has adopted the view that the convention was what it termed "a living instrument". That meant that the Court could arrogate to itself the right to decide what its remit was. It did that without any mandate from this House or any other house of representatives of the member states of the Council of Europe. This has been picked up, not by some Tory or right-wing Eurosceptic, but by Lord Justice Hoffmann, an eminent judge with enormous civil liberties credentials, who said that the Strasbourg Court has

"been unable to resist the temptation to aggrandise its jurisdiction and to impose uniform rules on member states".

Even the Court itself understands this. In the minority report, Judge Costa, the President of the Court, a man who believes in extending the powers of his own court, said that he

"accepted that the States have a wide margin of appreciation to decide on the aims of any restriction, limitation or even outright ban on the vote"

and pointed out that the judges were not legislators and should not overrule the legislatures of the Council of Europe.

I want the European Court to succeed at its main business, which is why I differed from my hon. Friend the Member for Harlow (Robert Halfon). However, I do not want it to try to interfere in the business of legislatures around the European continent.

Andrew Bridgen (North West Leicestershire) (Con) *rose—*

Sir Alan Beith (Berwick-upon-Tweed) (LD) *rose—*

Mr Davis: If colleagues will forgive me, I am almost out of time.

So where do we go from here? If Parliament decides by a strong majority today, the Government will have to go back to the Court and tell it to think again, because it cannot deliver a third of its rulings. If this House will not provide a change in the law, it cannot deliver a change in the law. That will lead the Court to have to decide how it deals with this sort of crisis in future. Lord Justice Judge and Lady Justice Arden, and others, have predicted this crisis and pointed out that we need to have the right of recall, the right of review and the right of challenge. That is what should come out of this motion.

As my right hon. and learned Friend the Attorney-General was kind enough to intervene on me, I thought I would remind him that today is almost the anniversary of the day when he said the following words:

"The Government must allow a parliamentary debate which gives MPs the opportunity to insist on retaining our existing practice that convicted prisoners can't vote."

I agreed with him then, and I agree with him now. The House should insist that this is our decision, and from this place we will not move.

12.39 pm

Mr Jack Straw (Blackburn) (Lab): I rise to support the motion in the names of the right hon. Member for Haltemprice and Howden (Mr Davis), the hon. Member for Esher and Walton (Mr Raab), other hon. Members and myself. I should perhaps explain that the hon. Member for Esher and Walton underwent an operation yesterday and is hoping to be present later today, such is his interest and, as a former Foreign Office lawyer, his expertise in this issue. I thank my hon. Friend the Member for North East Derbyshire (Natascha Engel) and the Backbench Business Committee for choosing our motion for today's debate.

At the heart of this debate is a conflict of principles, which sometimes have to be faced in politics and by Governments. On the one hand, there is the issue of whether convicted prisoners should be allowed to vote while serving their sentence. On the other, there is the question of how we meet out treaty obligations in

respect of the Council of Europe, the European convention on human rights and the Court in Strasbourg. I will deal with those points in turn.

A ban on convicted prisoners voting while in jail has existed in this country at least since 1970. Post-war, the question has been considered under a Labour Administration in 1968, a Conservative Administration in 1983 and a Labour Administration in 1999-2000. On each occasion, the position was confirmed by an overwhelming cross-party consensus. On each occasion, amendments could easily have been moved in the House by those who supported an end to the ban, and voted on. On none of those occasions, and on no other occasion that I can recall, has this ever been a matter of active pursuit for Members of any party in this House. Significantly, and to echo the point made by the hon. Member for Harwich and North Essex (Mr Jenkin), neither I nor my staff can recall one letter, among the hundreds of complaints from prisoners with which I have dealt in my 32 years in this House, calling for the right to vote from prison.

I turn to the European convention on human rights and the Strasbourg Court's decisions. The convention was drafted principally by distinguished British jurists, including David Maxwell Fyfe, who was later Home Secretary and Lord Chancellor in Conservative Administrations. The convention is a fine statement of what we all understand to be fundamental human rights. As an instrument, it has stood the test of time, and I strongly support it. One key problem for many years after the convention was agreed in 1951 was that, in contrast to most signatory states, it was not incorporated into our domestic law. That meant that the United Kingdom was much less likely to be given the latitude offered to other countries—the so-called margin of appreciation—by the Strasbourg Court, because our courts were not able to adjudicate on the convention's articles.

Mr Edward Leigh (Gainsborough) (Con): With respect to the right hon. Gentleman, is the problem not that his Government got us into this mess by incorporating the convention into our law? There is no way out now for this Government. There is a queue a mile long of people on no win, no fee cases, waiting to sue the Government. What is he going to do about it?

Mr Straw: I spelled that out in *The Times* this morning, and I was just about to come on to that point. I am grateful for the cue from the hon. Gentleman.

The Human Rights Act 1998 is part of the solution to the problem; it was never part of the problem. I shall explain why. We have not been able to enjoy the margin of appreciation and our courts have not been able to adjudicate on the convention's articles. The first attempt to deal with that issue in the House was made in 1987 by the then Conservative Member of Parliament, the late Sir Edward Gardner, QC. His private Member's Bill failed after receiving considerable Back-Bench support from all parts of the House, but scepticism from those on the Government and Opposition Front Benches. Ten years later, I was privileged to do what Ted Gardner had begun with what became the Human Rights Act 1998. In the end, it gained all-party support, as proceedings on Third Reading show.

Importantly for this debate, and to answer the hon. Member for Gainsborough (Mr Leigh), the White Paper preceding the Human Rights Act was entitled "Rights Brought Home". It was about repatriating British rights in the convention that we had provided for other countries in Europe, but that were not available to our own citizens.

Several hon. Members *rose—*

Mr Straw: I will give way in a couple of seconds, but I will just make some progress.

The retired Law Lord, to whom the right hon. Member for Haltemprice and Howden referred, has recently said that the Human Rights Act could be

"a perfectly serviceable British Bill of Rights".

That, in essence, is what it is. The Act was expertly drafted. It gave the courts the power to declare primary legislation incompatible with the convention, but no power to strike down that legislation.

Mr Jenkin *rose—*

Alan Johnson (Kingston upon Hull West and Hessle) (Lab): Will my right hon. Friend give way?

Mr Straw: Of course I will, and then I will give way to the hon. Member for Harwich and North Essex.

Alan Johnson: I support the motion in the name of my right hon. Friend and the right hon. Member for Haltemprice and Howden (Mr Davis). Does my right hon. Friend agree that the important issue is not the European convention on human rights, the European Courts, or the universal declaration of human rights, but the reason that the European Court gave for denying a margin of appreciation, which, among other things, was that this House had not debated the issue? That was wrong, but the service provided by this motion is that the House can now judge. People will take different views and put perfectly reasonable arguments, but the important point is that my right hon. Friend and the right hon. Member for Haltemprice and Howden have done us the service of allowing us to debate whether prisoners should have the vote.

Mr Straw: I agree entirely with my right hon. Friend, and I thank him for his support. Like any former Home Secretary, he knows how difficult but vital it is to balance rights, liberties, duties and obligations in that very high office.

Mr Jenkin *rose—*

Mr David Ruffley (Bury St Edmunds) (Con) *rose—*

Andrew Bridgen *rose—*

Mr Straw: I give way to the hon. Member for Harwich and North Essex.

Mr Jenkin: I am listening carefully to what the right hon. Gentleman is saying about the margin of appreciation. I think that we are in danger of overselling that as a solution, because the problems with our current relationship with the convention are to do with the drafting of the convention and how the Court interprets its words. Geoffrey Robertson, QC, who is no slouch on human rights and is currently representing Julian Assange, explained in the article "Why We Need a British Bill of Rights":

"The European Convention also failed to include the rights Parliament won by the 'Glorious Revolution' in 1689".

[Mr Jenkin]

He went on to state:

"There is mounting evidence that the weasel words of the European Convention are damaging other basic British rights."

He also stated:

"The Convention is in some respects out of date."

Does the right hon. Gentleman agree with those words? How are we going to address those problems?

Mr Straw: The hon. Gentleman is taking us into wider territory. I happen to think that the problem is not the plain text of the convention, but the way in which it has been over-interpreted to extend the jurisdiction of the European Court. I will come on to that point in a moment. I do not, however, subscribe to the view that the 1951 convention is the last word on what should be in a Bill of Rights. I share Lord Hoffmann's view that it is a very good starting point. There is a wider issue—a rabbit hole I do not intend to go down if the hon. Gentleman will forgive me—about whether we should have a written statement of our key constitutional rights. I think that we should, and that the sovereignty of Parliament should be right at the top of it. However, that is a separate point.

Several hon. Members *rose—*

Mr Straw: I shall give way to the hon. Member for Bury St Edmunds (Mr Ruffley), but then I must make some progress.

Mr Ruffley: I am grateful to the right hon. Gentleman. Is not the essential problem that the European Court in Strasbourg became an appellate court for British cases in 1965—not in 1950—and that that was decided by a British Cabinet without any debate in this House?

Mr Straw: I was not in the House in 1965. [Hon. Members: "Are you sure?"] I was causing trouble at universities at the time, so I have an alibi—I was at the scene of some other crimes.

I do not quite subscribe to the hon. Gentleman's view about that piece of history. The signing of the protocol that gave the Court that power was very public. Anyway, where we are is where we are, and subsequent Administrations of either persuasion have not objected to the Court's having that power of what amounts to individual petition.

Our Human Rights Act was expertly drafted, giving our courts the power to declare primary legislation incompatible with the convention but no power to strike down that legislation. In that way, the sovereignty of Parliament is respected and indeed protected by the Act. Our senior judiciary, without question among the best in the world, have applied the Act with the sensitivity that one would expect. As the right hon. Member for Haltemprice and Howden said a moment ago, when the British courts first considered the Hirst case, prior to its going to Strasbourg, they found no breach of the convention whatever. In addition, they said that any change in the law was a matter for Parliament. For the avoidance of doubt, let me put it firmly on record that the tension and conflict that we have to resolve today can in no sense be laid at the door of the Human Rights Act or, in my judgment, at that of the plain text of the convention.

Andrew Bridgen *rose—*

Charlie Elphicke (Dover) (Con) *rose—*

Sir Alan Beith *rose—*

Mr Straw: I need to make progress, but I will give way to the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) a bit later.

Rather, the problem has arisen because of the judicial activism of the Court in Strasbourg, which is widening its role not only beyond anything anticipated in the founding treaties but beyond anything anticipated by the subsequent active consent of all the state parties, including the UK.

In his major lecture two years ago, to which reference has already been made, Lord Hoffmann spelled out in eloquent detail the difficulties that the situation was causing, including for the UK judiciary. He said that the Strasbourg Court

"lacked constitutional legitimacy"

in intervening in matters

"on which Member States...have not surrendered their sovereign powers".

He added well-founded criticism of the highly variable quality of its judges and administration.

Where the Court has given judgment against the UK in respect of fundamental human rights, successive Home Secretaries and UK Governments have readily complied, whether on specific cases, such as terrorist deportations, or on matters such as the need for proper regulation of phone-tapping and the intelligence agencies—and so has this House, whether or not it agreed with what the Court was saying, because we have voluntarily and readily accepted its jurisdiction.

Sir Alan Beith: Various states will from time to time think that the Court has overstepped its limits and taken too broad a view of its powers. Are they all entitled at any stage to disregard its judgments, and what does that mean for the convention?

Mr Straw: No, they are not, and I will come on to that. The fundamental distinction to be drawn is this: all of us, as I have just spelled out, are required to respect and observe decisions of the Court on fundamental human rights, because it was in respect of those that we and other countries signed up.

Charlie Elphicke: Will the right hon. Gentleman give way?

Mr Straw: No, I have to make progress.

The issue before us today—here is the heart of the matter—is by no stretch of the imagination a breach of fundamental human rights. Rather, it is a matter of penal policy, which the minority of judges at Strasbourg—and very senior they were, too—said should be left to the UK Parliament. Through the decision in the Hirst case and some similar decisions, the Strasbourg Court is setting itself up as a supreme court for Europe, with an ever-widening remit. That is why the tension that I mentioned now threatens to become a collision.

Even in countries with supreme courts much more powerful than ours, there is a democratic override of their decisions. For example, in the United States or Germany, which have very strong courts that can strike

down primary legislation, the courts' decisions can be overridden by, for instance, democratic amendment to their constitutions. There is no such democratic override available for decisions of the Strasbourg Court, so we are faced with a court judgment following which, without warrant from the treaties to which we signed up, we as elected MPs are expected to do the opposite of that in which we believe.

My predecessor as Lord Chancellor, Lord Falconer, and I wrestled for five years to find a way through the problem. Initially, Lord Falconer's view was that the requirement on us following the 2005 Hirst decision was simply

"to consider carefully the basis"

of our law. He went on that it could be the case

"that it is a proportionate conclusion that all people who are convicted and sent to prison cannot vote."

He began one consultation, and when that was inconclusive I launched a second. However, unless and until I found a way—if one existed—that could satisfy the Strasbourg Court, this House and the British people, there was no appetite throughout the House, or among our Whips, for me to bring forward legislative proposals.

The Attorney-General: I am grateful to the right hon. Gentleman for giving way and for how he is articulating his powerful case. Does he not agree that, with hindsight, it is rather unfortunate that such a debate did not take place? When we were first confronted with the problem we had only the Hirst judgment, but since then we have had a number of further judgments without the UK Parliament's having had an opportunity to influence how the Court's jurisprudence evolved. He may recall that I asked for such a debate when we were in opposition.

Mr Straw: I understand the right hon. and learned Gentleman's point, and hindsight is a wonderful thing. If I thought that the only thing preventing the Court from coming to a reasonable compromise was the fact that I had not organised an earlier debate, I would be happy to be taken to Strasbourg to make my apologies. He knows better than anybody that neither set of Whips was keen on such a debate, not least because it was clear that it would be impossible, particularly in the pre-election atmosphere, to have the sober debate that we are to have today.

Mr Denis MacShane (Rotherham) (Lab): Does my right hon. Friend agree that, if the matter was that important to the then Opposition, they could have had an Opposition day debate on it?

Mr Straw: That is true. I shall now move on.

Our motion has been carefully drafted. It is respectful of the Court and our treaty obligations, but is intended to answer one of the three objections that the majority of the Court in Strasbourg had to our so-called blanket ban—that there had not been any substantive debate on the matter in the light of modern penal policy and human rights standards. This debate is a response to that.

One cannot judge the fairness and effectiveness of penal policy with reference to just one aspect of it, such as the ban on prisoners voting. That judgment has to be made in the round. Since the Strangeways riots of 20 years ago and the Woolf report that followed, there has been a quiet revolution in penal policy. As the chief inspectors of prisons have recognised, conditions for prisoners have been transformed. Every effort is rightly made to treat prisoners with dignity, and to prepare them better for the outside world. The overall environment of our prisons stands up to comparison with any in the world, and is far above that in many European countries.

However, the exact mix must be for domestic Parliaments to decide. They have the knowledge and legitimacy to make appropriate judgments, and we have supervision by our courts of our Executive's administration of our prisons. The ban on prisoner votes is part of the mix of our penal policy. It is the subject of wide consent among the public, and at least of acquiescence by the vast majority of prisoners, as the silence of our postbags makes clear. Our motion is intended as part of a process better to strengthen the hand of the UK Government in arguing in Strasbourg that the majority of members of the Court are seeking a change in UK legislation which, on the face of it, is difficult or impossible to deliver, and in inviting them to find a constructive way forward.

Two objections to our approach have been raised. One is about the example that we may set, and the other is about compensation. On the first, the argument is that if we fail fully to implement the Court's decision, we will be unable to put pressure on others who also have outstanding Court judgments against them. That argument does not take account of the reality of the situation. There are scores of as yet unenforced judgments against countries such as Russia—but not just Russia—for egregious breaches of human rights, and for presiding over standards so low as to lack any notion of fair trial.

If I thought that our acquiescence in the Court's decision in Hirst would be the instrument for a change in approach to those recalcitrant countries, I might be persuaded to drop my objections for the greater good. However, there is no evidence of that—indeed, I suggest the reverse. By extending its remit into areas way beyond any original conception of fundamental human rights, the Court in Strasbourg is undermining its own legitimacy and its potential effectiveness in respect of the purposes for which it was established. In other words, the Court and the Council of Europe would have greater success if they reined in their unnecessary excursions into members states' policy. In that way, we might see some of those judgments better enforced.

This is my last set of points and I shall be brief. On compensation, I simply say this: there are many predictions that the Court in Strasbourg will award compensation against the UK Government, but as yet there is no certainty. In 2005, the Strasbourg Court denied Hirst compensation. Unless the Court now sees the purpose of compensation as some kind of gratuitous fine on the elected British House of Commons, I fail to see by what algebra or alchemy any court could equate the absence of a vote for prisoners, which almost no prisoners of their own volition ever sought, and which still fewer would exercise, with some monetary amount.

I am a strong supporter of the Human Rights Act 1998, the Council of Europe and the text of the convention. I seek no train wreck, but a solution—that is the purpose of our motion. In turn, I hope the Court pulls back from placing the supporters of those instruments in a near-impossible position.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Everybody will be well aware that there is a five-minute limit. We have 39 speakers to get through, and my intention is to get everybody in. If we have fewer interventions and shorter speeches, we will enable that.

1.1 pm

Mr Gary Streeter (South West Devon) (Con): I support the motion. This matter is not really about whether prisoners in this country have the right to vote, but about whether this House has the right to make its own laws for its own people.

There are 85,000 prisoners in this country, about 12,000 of whom are foreign nationals who would have no right to vote in any event. The remaining 73,000 are spread over 650 constituencies, so even if they all voted, which as hon. Members know full well from the sort of people whom we have visited in prisons is most unlikely, just over 100 votes would be added in each constituency. On that scale, the rights of prisoners to vote is relatively unimportant. Nor is it the case that the removal of the right to vote acts as a deterrent. Few burglars in my constituency have ever, I suspect, hovered at the windowsill, jemmy in hand, and thought, "Oh no! I'd better not break in or I'll be unable to vote for that nice Mr Streeter."

The motion invites us to address a much more fundamental issue: whether or not we can pass our own laws. I completely understand the inclination of civil servants to advise Ministers to comply with the European Court of Human Rights judgment. I am sure that that advice is technically correct, and certain that that is how we have always done things, under Governments of all colours. In addition, I recognise the understandable reluctance of Ministers to go against that advice and to ignore a decision of the Court that we helped to create, especially if there could be financial implications in this time of austerity.

However, there comes a time when it is necessary to take a stand. I argue that right now, on this issue, it is right for this House, today, to assert its authority. The judgment of the ECHR in the Hirst case flies in the face of the original wording and purpose of the European convention on human rights, in which it was clearly intended that each signatory should have latitude in making decisions on the electoral franchise in that country.

Andrew Bridgen: Is it not clear from previous speakers that the Strasbourg Court is seeking to extend its power? Is it not the duty of hon. Members to resist that power grab?

Mr Streeter: I completely agree and I intend to address that point in a moment.

We decided in this country centuries ago that convicted criminals should not have the right to vote, and I support that decision. After all, the punitive element of incarceration is the denial for the time being of certain rights and privileges that our citizens enjoy. We decided long ago that in addition to surrendering their liberty, convicted criminals while in prison would also give up their right to vote. That was the case in 1953 when the treaty on human rights was signed, and it remains the case.

What has changed since 1953? The answer is simply this: the European Court of Human Rights decided in 1978 that it could interpret the convention as a living document and effectively create law rather than purely reflect the provisions of the original convention.

Mr Leigh: There appears to be some sloppy thinking here. I oppose incorporation into our law, but the Supreme Court will always uphold prisoners' appeals because we cannot pick and choose between the judgments we like and those we dislike. I am afraid that that is the law.

Mr Streeter: If my hon. Friend exercises a little patience, I will give him the solution before my five minutes are up. I can assure him that there is no sloppy thinking down this end of the Chamber.

The rights taken to itself by the ECHR is the clearest case of mission creep that we will ever see. It is the ECHR's decision to award itself more power—much more power than the authors of the convention ever intended—that we must challenge today. That decision has led to a steady trickle of judgments and pronouncements over the past 30 years that have frequently left the British public baffled and extremely angry.

That is the real problem with the ECHR conducting itself in that way. Yet again, it has undermined the authority of this House, which leaves us wringing our hands hopelessly on the sidelines, and widens the gap between the electorate and their Parliament. If we, the people whom they send here on their behalf, cannot change things, what is the point of us being here, and therefore, what is the point of them voting?

Andrew Bridgen: Will my hon. Friend give way?

Mr Streeter: I will not give way, if my hon. Friend does not mind, because I have done so twice.

It is time to take a stand. I suggest three things—we are coming now to solutions. First, I suggest that we vote overwhelmingly today to reject the ECHR judgment and support the motion. In doing so, we will send a clear signal to our constituents that we understand and echo their desire not to put up with this nonsense any longer. We will also send a signal to ECHR judges that we do not appreciate, and will not accept, their attempts to legislate for us here in the United Kingdom. That is our job, not theirs.

Secondly, we need to start work immediately on amending, or at least on restricting or clarifying, the European convention on human rights. That will require the political will of the House and of the Government on this side of the channel, and political muscle and skill on the other side. Fortunately, machinery for that is in place—it is called the Council of Europe, which among other duties oversees the work of the European Court of Human Rights. I suggest that our Government, working with the British delegation of MPs to the Council, immediately set on a course to suggest to our friends across the channel amendments to the convention. They could suggest narrowing the rules governing the scope of the Court, or further protocols. We should use whatever the correct procedures are—I am sure that my right hon. and learned Friend the Attorney-General can advise us on those—to take this important but

increasingly abused convention back to its original purpose; namely, to underpin basic human rights, and to prevent the excesses of torture, imprisonment without trial and persecution perpetrated on European people in the second world war from ever being visited upon us again. I say to my hon. Friend the Member for Gainsborough (Mr Leigh) that that will not be easy, but it is not impossible, and we should start that journey today.

Thirdly and finally, I know not whether Mr John Hirst, the axe murderer—nice man—fought his case on legal aid, but I am certain that he fought it either on legal aid or on a no win, no fee basis.

Anna Soubry (Broxtowe) (Con): It was legal aid.

Mr Streeter: My hon. Friend shouts in my ear that Hirst fought his case on legal aid. In any case, we should now make a further change to the consultation process on legal aid reform that is currently being conducted by the Ministry of Justice, and make it clear that legal aid will no longer—from today—be available to prisoners or former prisoners suing the Government because they have been denied a vote. We are in the process of reducing legal aid for all kinds of legal action, so why not expressly exclude those claims, which the whole country deprecates? We have the power to do so and we should exercise it.

I was never any good at physics at school, but I remember one law: for every action there is an equal and opposite reaction. Convicted criminals and their lawyers and the ECHR have conspired to create an action. Let this House today decide to put into place an equal and opposite reaction. I support the motion and hope that it receives an overwhelming majority.

1.9 pm

Mr Denis MacShane (Rotherham) (Lab): It is a pleasure to follow the hon. Member for South West Devon (Mr Streeter), although I was a bit worried by his suggestion that legal aid should be taken away from people, so that only the rich—the Max Mosleys—have the right to go to Strasbourg.

I am nervous of getting between my right hon. Friend the Member for Blackburn (Mr Straw), the former Foreign Secretary, and the former Deputy Prime Minister, whom we heard on the "Today" programme this morning. When these two Labour buffaloes lock horns, smaller beasts in the jungle are advised to stay away. However, I want to make the case to the House that we should not completely throw away the good and honourable tradition of British liberalism. I know that this will make me unpopular with the *Daily Express*, the *Daily Mail*, *The Sun* and *The Daily Telegraph*, which have constantly supported my political views over so many years, but surely we can still find a tiny space for classic, do-gooding, bleeding-heart British liberalism in contemporary politics. It is sad that there is no one left on the left to say that the right is not right, as we are told to bow to this atavistic tabloid hate against prisoners.

What are the facts? Different democracies in Europe take different approaches. In January, I was with Conservative colleagues at a meeting with Swiss parliamentarians. In non-EU Switzerland, all prisoners have had the right to vote for 40 years. That is also the case in Conservative-governed Sweden, Denmark and other EU countries. Britain stands with Armenia, Azerbaijan, Moldova and—let us not forget—Russia in banning the right for prisoners to vote. Since WikiLeaks has told us that the mafia runs politics in Russia, it has been clear that criminals there get elected rather than end up in prison.

Ian Paisley (North Antrim) (DUP): Is it not the case that in the European Community, six other member states have an outright ban on prisoners voting, and 13 impose varying limits on the right to vote?

Mr MacShane: The hon. Gentleman takes me on to my next point. In other EU countries, prisoners can vote according to the sentence. In France, a judge adds a loss of civic rights to sentences for serious crimes, which is a compromise that satisfies the European Court of Human Rights and could easily be introduced here. However, sadly we are turning out backs today on more than a century and a half of prison reform. Retribution seems to be the order of the day for those who commit crimes. My view is that although someone may enter prison as a criminal, we should hope that they leave prison as a future citizen. Allowing people to take part in, think and read about, and ultimately—for non-serious cases—vote in elections would help the osmosis of turning criminals into future citizens.

Mr Jenkin *rose—*

Mr MacShane: I will not give way because of this five-minute limit.

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): Speak up for Brussels!

Mr MacShane: The ECHR is not in Brussels, as my geographically slightly ignorant hon. Friend says from a sedentary position.

The ECHR has worried at this bone for years, just as it did over beating children at school. Who wants to bring that back?

Andrew Bridgen *rose—*

Mr MacShane: Ah! Some Government Members might want to bring back beating for children in school.

The ECHR outlawed domestic violence and upheld the right of British Cypriots not to be dispossessed of their homes in northern Cyprus. As has been rightly said, the European convention was written 60 years ago, mainly by British jurists. It does not mention prisoners voting, but nor does it mention gay rights, domestic violence or capital punishment. The European Court has handed down rulings—yes, like the US Supreme Court, it interprets old language. However, I believe that we are all the better for expanding liberal, democratic British values across Europe. Right now the ECHR is bogged down with 100,000-plus cases from Russia, but is that not a good thing? Russian citizens can now appeal against the neo-authoritarian concept of politically dictated justice in Russia. I am sure that there are comrade ex-Supreme Court justices in Russia who also think that the ECHR should keep its nose out of Russian business.

[Mr MacShane]

This has nothing to do with the European Union. Like the Council of Europe, the ECHR was shaped by Britain under Winston Churchill after world war two. It quietly and steadily upholds the values of liberal democracy. Britain began decriminalising gay relationships and abolished hanging in the 1960s. The ECHR took this British example and used it to prod other nations to follow suit. Some 47 countries adhering to the treaty and convention of the Council of Europe are expected to follow its rulings. I believe that the peoples of other regions of the world—such as Africa, Asia and south America—would die to have an ECHR to tell their Governments what to do.

Several hon. Members *rose—*

Mr MacShane: I hope that hon. Members will forgive me, but we only have five minutes each, and I do not want to overrun.

Traditional social and political liberalism has now been replaced by a raw economic liberalism—or perhaps a Labourist punitionism—since May 2010. There are no Roy Jenkins, no Jo Grimonds, no Michael Foots and no leading Liberals such as the right hon. Member for Ross, Skye and Lochaber (Mr Kennedy) and the right hon. and learned Member for North East Fife (Sir Menzies Campbell) to stand up for unpopular or even lost causes. The press has only to indicate its displeasure at a proposal for giving prisoners serving short sentences the right to vote, and MPs of all parties queue up to join this illiberal campaign. Populist illiberalism is the new politics of much of the continent, and it is a shame to see it arrive in the Commons. I hope that my country does not tear up the treaty or quit the Council of Europe. However, the fact that we are having this debate shows how far we have moved from the promotion of human rights that Winston Churchill and his successors up to May 2010 always believed in.

Mr Davidson: Is not the right hon. Gentleman, who speaks on behalf of the people of Rotherham and Berlaymont Central, in fact reflecting his own desire to be a controversialist, rather than the opinions of his own constituents?

Mr MacShane: When the day comes that any right hon. or hon. Member cannot express his point of view in the House of Commons on the basis of sincere beliefs, frankly we have a real problem with this, our House of Commons.

1.16 pm

The Attorney-General (Mr Dominic Grieve): I congratulate my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) and the right hon. Member for Blackburn (Mr Straw) on securing this debate. My right hon. Friend quoted my belief that this was a subject that needed debate. That was something I said in opposition, but it is a view that I continue to hold in government. I am therefore delighted that the House at last has an opportunity to have this debate. If I quipped the right hon. Gentleman, I am grateful to him for having facilitated it now that he is freed from the shackles of Government.

If the House is to have the debate that I think can help to inform this tension between ourselves and the European Court of Human Rights, it is important that as many Members as possible participate. I note, therefore, that the Government Benches are well crowded; I am sorry, however, that, for reasons on which I cannot speculate, the Opposition Benches seem to be, with a number of notable and eminent exceptions, rather bare. That might be a problem later in terms of the impact that this debate may have. From that point of view, the contribution of the right hon. Member for Rotherham (Mr MacShane), even if many Members disagreed with it, was nevertheless very valuable.

My reason for speaking at this stage of the debate, with the leave of the proposers of the motion, was to try to provide some assistance to the House in explaining the legal considerations relating to this complex, difficult and extremely controversial issue. As the House is aware, there will be a free vote for Government Members, so that the Back Benchers can express their views. Ministers will abstain. The Government believe that the proper course of action will be to reflect on what has been said and think about what proposals to bring back to the House in the light of the debate. The Government are here to listen to the views of the House, which are central and critical to this debate, as was acknowledged in the Hirst case and as was the subject of the critique that I raised earlier about the fact that we have not had this debate before. I look forward to taking on board and considering all the points raised, and to doing my best, as far as I can, to join the debate and assist the House.

Mr Jenkin: I am sure that it will be useful to the House that my right hon. and learned Friend intervenes at this stage. However, when he says that the views of the House are critical, does he not mean that they are decisive? We are a sovereign House; we make the law and the courts interpret it. This is a matter of policy, not a question of legal technicalities. If we do not want prisoners to have the vote, Parliament can legislate for it and that will be final. Does he agree that that is the power of the House?

The Attorney-General: First, I would say this to my hon. Friend. I am very respectful of the powers of this House and, having been a Member of it for 13 years, consider it to be very important. As he will also be aware, it is Parliament that is sovereign. I hope that he will excuse my making that delicate point. The Queen in Parliament is sovereign, and that includes the ability of both Chambers to legislate and to enact primary legislation. We are dealing with an international treaty. That international treaty was signed by the United Kingdom Government under the royal prerogative and was laid before both Houses of Parliament for their consideration. The rule that has been long established in this country is that once a treaty has been ratified by the United Kingdom Government through that process, the Government and their Ministers consider themselves to be bound by its terms. Indeed, as the right hon. Member for Blackburn will know, the ministerial code specifically says that that is the case, and the new ministerial code says it in exactly the same way as the old one did. From that point of view, although my hon. Friend is absolutely right, that does not remove the necessity for the Government to be bound by their treaties and international obligations.

Mr Jenkin: I am most grateful to my right hon. and learned Friend for giving way again. It has also been recognised that statute law overrides international law. It is statute law that should bind the courts of this land. Does he agree with that?

The Attorney-General: It is certainly true that our international legal obligations may alter by virtue of what Parliament has enacted, but the current position is that we have an international obligation that, if I understood correctly from what they said, is not one from which, in its principles, my right hon. Friend the Member for Haltemprice and Howden or the right hon. Member for Blackburn would wish to resile. We are bound by it as Ministers of the Crown. However, if my hon. Friend will bear with me, I will come to that in a moment.

I repeat the point that the Grand Chamber in the Hirst case commented on the lack of any substantive debate in Parliament. It must be the case, therefore, that the existence of a substantive debate—indeed, we may have to have more than one substantive debate on this issue—will be helpful to the process of finding a way through the problem that is exercising many Members of this House. However, although Members are fully entitled to express their disagreement with the judgment of the European Court—indeed, I have done so myself: I said that I consider the judgment in the Hirst case to be an unsatisfactory one, for precisely the reasons, which I will not repeat, that the right hon. Gentleman and my right hon. Friend articulated—the fact that we may be in disagreement does not in itself solve the problem.

In order for the views of this House to be helpful, we need to demonstrate that we are engaging with the concerns of the Court and that we are not just expressing our frustrations—although I have to say that on occasion I have felt very frustrated on this issue in the last few years, and actually rather angry. Through a dialogue about what the House considers to be proper and reasonable in respect of prisoner voting, we have to see whether we can bring our weight to bear as a legislature in the development of the jurisprudence of the Court. That will give us the best possible chance of winning the challenges that may arise thereafter. As we know, given the litigiousness of those who think that there is a gravy train on which they might be able to climb, we can guarantee that, whatever we do, there will be legal challenge to it that will go back to the European Court of Human Rights for determination.

Ian Paisley: I appreciate the Minister's helpful guidance. Will he address the point made by the right hon. Member for Blackburn (Mr Straw) when he quoted Lord Hoffmann, the former Law Lord, saying in a lecture that it cannot be right for a European supranational court

"to intervene in matters on which Member States of the Council of Europe have not surrendered their sovereign powers"?

Will the right hon. and learned Gentleman give us some guidance on that point?

The Attorney-General: The hon. Gentleman is right that there has been a great deal of commentary, including in some learned lectures by judges, such as Lady Justice Arden, Lord Hoffmann and others, who have expressed growing concern about the way in which the jurisprudence of the European Court of Human Rights is being developed and about the Court's tendency towards micro-management. That is the nature of the challenge. That said, for the reasons I gave a moment ago, the judgments of the Court constitute an international obligation, so far as we subscribe to the convention and to membership of the Council of Europe. That is the dilemma the Government face, as did the previous Government: how can we find a way to persuade the Court to respect the views that the legislature may express without having to withdraw from the convention or the Council of Europe entirely, which, I have to say, would not come without cost or consequence for this country?

Claire Perry (Devizes) (Con): Can the Attorney-General help the House understand by what mechanism the European Court's judgment and—rather more unpalatably—the award of compensation to a convicted axe murderer could be enforced in this country?

The Attorney-General: There is no mechanism to enforce—[HON. MEMBERS: "Ah!] My hon. Friend must listen carefully. The truth is that enforcing something against a Government who do not wish to have it enforced against them is very difficult, because the Government retain Executive power. If a judge in our High Court said that the Government should do something and the Government said, "We won't do it," it would be very difficult to do. Equally, however, it is worth bearing it in mind that the Government would be in rather serious breach of the principles of the rule of law and would, in fact, be behaving tyrannically. One needs to be careful. The principles on which United Kingdom Governments have always operated is that if international obligations confer a power on a court and a court orders compensation, we will honour those international obligations as it is our duty to do so, because without that we diminish our own status, in terms of our respect for international law as much as domestic law. It is therefore a bit of a red herring to suggest that just because something cannot be enforced, that is a justification for ignoring it. It might be a justification for enacting other legislation or taking other steps, but it would be a fairly momentous change in UK practice if we ignored something to which we had indicated by international treaty we subscribe.

Mr Richard Shepherd (Aldridge-Brownhills) (Con): We of course have confidence, by and large, in our judicial system and our courts. I see this issue as a crisis in the question of whether we have confidence in the workings of another court system. That is the tension that underlines so much of what we are discussing today—whether we are talking about a credible court, with the extension of its remit as a living instrument, and so on. That is the criticism that is now coming from judges too. We respect one court; do we respect the European Court, and therefore the international obligation that my right hon. and learned Friend mentions?

The Attorney-General: There is no doubt that there has been criticism of the Court, just as I have at times heard views expressed in this House applauding judgments made in the European Court of Human Rights—the judgments on stop and search and on DNA databases come to mind. We therefore need to be careful about too much picking and choosing of what we might think is desirable or not. I recognise that there is a fundamental

[The Attorney-General]

issue in this debate, which the right hon. Member for Blackburn and others touched on, about the extent to which the Court is turning into a micro-manager.

Kate Hoey (Vauxhall) (Lab): If compensation was awarded, would it not be appropriate for the Government to decide to take it from the legal aid budget of the civil lawyers who will have brought most such cases about?

The Attorney-General: That is an interesting proposal from the hon. Lady, but, if I may say so, I would not seek to answer that question at the Dispatch Box today. It raises a number of ethical and practical issues to which, on the whole, I would want to give further consideration.

Rehman Chishti (Gillingham and Rainham) (Con): Will my right hon. and learned Friend give way?

The Attorney-General: I must make progress; otherwise I will not be able to do what I principally came here to do.

I want to deal with the point about the Grand Chamber in the Hirst case. The Grand Chamber declined, properly, to provide any detailed guidance on how to make our current regime compatible with the convention. It also made it clear that special weight should be given to the role of the domestic policy maker. Despite the difficulties that the House might face, we have a real opportunity, through debate, to shape the dialogue with the Court if we focus on the key issues.

I will now deal with the main legal issues on prisoner voting. I will set out the main points raised by the main judgments, because it might make the debate more difficult if the House does not have them in mind. I shall first outline the key points in the Hirst judgment, which dates back to October 2005. The Court took the view that it was well established that article 3 of protocol 1 to the convention, to which we are signatories, guarantees individuals the right to vote and to stand for election. The Court considered that to be a right, not a privilege. It also considered that that principle was important in ensuring an effective and meaningful democracy governed by the rule of law. It therefore felt that departure from the principle of universal suffrage risked undermining the democratic validity of the elected legislature and the laws that it promulgates. That might not have exercised us very much here, but in the context of the many east European states that have joined the European convention it is probably right to say that those are really serious, material considerations.

In the view of the Court, prisoners continue to enjoy all the fundamental rights and freedoms guaranteed by the convention. I do not think that either my right hon. Friend the Member for Haltemprice and Howden or the right hon. Member for Blackburn disagree with that. The Court's reasoning, with which I appreciate many hon. Members disagree, is that, in view of the fact that the convention does not allow prisoners to be subjected to inhuman or degrading treatment or to have restrictions placed on their freedom of expression or freedom to practise their religion, a restriction on their right to vote should have the aim only of

"preventing crime by sanctioning the conduct of convicted prisoners, and enhancing civic responsibility and respect for the rule of law".

The Court also recognised that the participating states had a wide margin of appreciation in deciding on such restrictions, but that that was not an unlimited discretion. It felt that the restriction should be proportionate and—this is the nub of the issue—that section 3 of the Representation of the People Act 1983 imposed a blanket ban, which was seen as being so indiscriminate as to fall outside the acceptable margin of appreciation.

Mr Baron: The central questions are whether the interpretation of the treaty that we signed has gone beyond what the original treaty contained, and who, thereafter, has the right to make a decision on the matter. Should it be this Parliament or an unelected European institution that makes such decisions? The clear evidence is that it should be this House, and that the interpretation has gone beyond the terms of the original treaty. That is what this vote is about today.

The Attorney-General: I appreciate that that is what my hon. Friend and many others believe the issue for debate to be. I recognise that it is going to be a major topic for debate this afternoon, but, if he will forgive me, I will suggest that hon. Members might also wish to focus on why they consider the current ban, or some variant of it, to be reasonable and proportionate in our own national context. It was the absence of debate on that issue that appeared to make the Court take the view that our ban was indiscriminate—

Chris Bryant (Rhondda) (Lab): Really?

The Attorney-General: Well, it was one of the reasons it took that view.

Mr Andrew Turner (Isle of Wight) (Con): Does my right hon. and learned Friend accept that we do not want a discriminatory rule on what we took a view on, but that they want an absolute rule?

The Attorney-General: I hope that I have understood my hon. Friend correctly. I do not think that the Court has suggested that there should be an absolute rule. In fact, it has made it quite clear in that and later judgments that there could be substantial flexibility for national legislatures to set their own criteria, which could be variable. For example, leaving a blanket prohibition to one side, it might be desired that a prohibition could be imposed after a particular period, so that someone could be banned from voting if sentenced to one, two, three or four years. The criteria could be different if the judiciary were given complete discretion over whether people should be banned and when such a ban should be applied. So there is a whole range of possible variants available to a legislature, if it were minded to consider them, that might well satisfy the Court's concerns.

I am mindful of the strong views held in the House on this matter. On the maintenance of a blanket prohibition on all sentenced prisoners, the House should note that the Hirst case was followed by two other cases. This was the cause of my criticism of Labour's dilatoriness on this matter. The first was Frodl *v.* Austria, in which the Court found that a ban on voting imposed on people sentenced to more than 12 months was wrong. The second case was Greens and M.T., in which the Court appeared to make it clear that it wanted the United Kingdom to enact some form of legislation.

Mr Leigh: It seems that everyone who has spoken so far is trying to have their cake and eat it. They all say that they want this incorporated into our law, but they do not like this particular judgment. They think that a debate will solve the problem. If the vote goes against us this afternoon, will the Attorney-General do the right thing and withdraw us from our incorporation in the convention?

The Attorney-General: My hon. Friend takes a very absolutist stance, although I have heard him utter such a view before. That is not Government policy, however.

Jeremy Corbyn (Islington North) (Lab): Is not the fundamental issue that the European convention on human rights applies to everyone, including those who are in prison, and that when people are convicted they do not lose their convention rights? They have to suffer a penalty following conviction, but losing their right to vote is outwith the terms of the convention.

The Attorney-General: The hon. Gentleman makes a perfectly reasonable point. Indeed, in some countries, the removal of the right to vote effectively forms part of the sentencing exercise. However, that has not been part of our national tradition in this country. I will be interested to hear hon. Members' reasoning in the debate. I assume that the underlying principle behind the ban—given that many people are convicted and not sent to prison—was that a person who was sent to prison had done something so antisocial towards the civil order that it was justified to remove their right to vote. Speaking personally, I have never thought that there was anything unreasonable about that approach, although I appreciate that some hold other views, including non-governmental organisations such as the Prison Reform Trust, which has argued powerfully in favour of giving prisoners the right to vote.

Mr David Nuttall (Bury North) (Con): In answer to the Court's concerns, may I point out that criminals in this country choose of their own free will to commit serious crimes, and they know that, if they are found guilty and sent to prison, they will lose their right to vote?

The Attorney-General: That is a very good argument, and it might be helpful to me if I ever have to stand up in front of the European Court of Human Rights to explain the reasoning of the United Kingdom Parliament.

I have pointed out that matters were made more difficult following the judgment in Frodl *v.* Austria, in which it was held that the disfranchisement of a person sentenced to more than one year in prison was a violation of article 3, and in the Greens and M.T. case, although the Court clearly stated at that time that judicial discretion was not a requirement. From that point of view, it is clearly open to the United Kingdom Government to put in place a system that would not involve judicial discretion. I have some hesitation, in any event, about whether the judiciary would wish to have that discretion inflicted on them. As hon. Members might be aware, however, the Government have made it plain that, even on minimal sentences, the power to remove the right to vote—in cases involving electoral fraud, for example—ought to be retained by the judges in any event.

It is for the House to provide a response today. I hope that that response will be useful to the Government in representing the House's views in what I anticipate will be a rather drawn-out dialogue between ourselves and the Court.

Mrs Anne Main (St Albans) (Con): I concur that we have already set quite a high bar for getting behind bars in this country. Given that, why is it any more reasonable to pick an arbitrary figure of one, two, three or four years than to set the bar at the point when people pass through the prison gates?

The Attorney-General: My hon. Friend makes a very reasonable point. If she looks around other European countries, she will find a great deal of variety in approach. Some countries do not allow any convicted prisoners to vote, although they might well be in serious difficulty as a result of the Hirst judgment. The Irish Government, for example, changed the law and gave their prisoners the vote. Others lay down differential criteria, and it seems clear that the Court is influenced by the consideration of whether those convicted to very short terms of imprisonment should retain the right to vote and those with longer terms of imprisonment should lose it. Four years, for example, has usually been regarded in our judicial system as the benchmark that separates a long sentence from a medium or short sentence. That is one reason why such benchmarks might play a role, and used to play a role, in providing some definition.

Naomi Long: The Republic of Ireland provides an interesting case. Although the Government have allowed their prisoners to register to vote, they do not necessarily guarantee that they will be able to vote in the sense of attending a polling station to exercise their franchise. I suspect that this is an interesting example of sleight of hand.

The Attorney-General: I would have to check that position. My understanding was—it might be incorrect—that the Irish Government provided a postal voting system.

Chris Bryant: Is it not an irony that prisoners in Britain had the vote for a while, but were unable to register and therefore were unable to exercise their right to vote?

The Attorney-General: I have no doubt that at one time that was correct. Indeed, before 1870, large numbers of people did not have the right to vote in any case, which adds another complicating issue. I think we should look at the here and now.

Ben Gummer (Ipswich) (Con): I am slightly worried by what my right hon. and learned Friend said earlier about the purpose of this debate. Surely the purpose of this Chamber hitherto has been to form statute law. He suggests that we should now take on the function of influencing the jurisprudential evolution of the European Court of Human Rights. Would it not be helpful to him if this debate also engaged with the realm of the relationship between this House and the European Court?

The Attorney-General: I certainly do not want to prevent my hon. Friend from debating such an important issue. He must forgive me for perhaps being too much of a lawyer, but on the whole I tend to look at the terms of

[The Attorney-General]

the motion, which are very specific and quite interesting. The motion first emphasises our respect for our international obligations, which I do not believe was included accidentally by the right hon. Member for Blackburn or my right hon. Friend the Member for Haltemprice and Howden. I assume that the motion thus encompasses our international obligations under the European convention on human rights. Secondly, the motion expresses what I take to be a view that we believe that our existing arrangements, which deny sentenced prisoners the right to vote, are fair, reasonable and proper and we wish to continue them. That seems to be the motion that we have to debate, and which we ought to debate, which is why I sought to answer the question in this way, although I accept that some wider issues could also be considered. At the end of the day, as I have also emphasised, the Government are bound by their international obligations. They have to think, sometimes laterally if not horizontally, about how to get themselves out of the conundrum of respecting the views expressed in this House while also wanting to see that the international obligations that this House wants to be respected are respected.

Rehman Chishti: On that very point of international obligations, Lord Hoffmann has said that

"with support of other European states"

that have also been at odds with the Court,

"we can repatriate our laws on human rights."

What steps are we taking to work with other European states that have also been badly treated to withdraw from the scope of the Human Rights Act 1998?

The Attorney-General: I am grateful to my hon. Friend, who is absolutely right; I have not had time to develop the point. Quite simply, negotiations have taken place concerning the difficulties facing the Court, in which the different countries making up the Council of Europe are, in many ways, expressing the common view that the Court is not functioning properly. Quite apart from anything else, there is a backlog of 120,000 cases. This matter is therefore not being ignored by the Government; we would like to make some progress to see whether reform can be achieved.

Mr Davidson *rose—*

The Attorney-General: If Mr Deputy Speaker does not stop me, I shall give way.

Mr Davidson: Does the Attorney-General accept that, in being a lawyer, he has the problem of over-complicating matters? *[Laughter.]* Is not the basic issue whether we in this country should decide our line on whether prisoners should be able to vote—or should it be decided by somebody else? Where do the Government stand on that question?

The Attorney-General: The object of lawyers is to take people's concepts and to try to navigate them to their correct destination, if at all possible. *[Interruption.]* In this case, there is no specific financial benefit, however pleasant it would be to be able to charge a special fee to my Government colleagues for appearing here this afternoon. I do not think that they would have condescended that to me.

I hope that what I have said has been of assistance to the House. I look forward to hearing the rest of the debate and, above all, to helping the House further if I can during the course of it.

1.46 pm

Chris Bryant (Rhondda) (Lab): It is a delight to follow the Attorney-General, who puts me in mind of Peter the Great when he visited Britain and our Parliament. He commented to our monarch that there were an awful lot of lawyers in Parliament and that, so far as he was aware, there were only two lawyers in his kingdom, one of whom he was going to execute on his return.

I have three opening points. First, I believe that when someone breaks the law so seriously that the courts send them to prison, they should also be deprived of the right to vote. That is why it has never been Labour policy to give prisoners the vote and why we vigorously contested the Hirst case.

Tom Brake (Carshalton and Wallington) (LD): Will the hon. Gentleman give way?

Chris Bryant: If the hon. Gentleman will forgive me, I would like to make a bit of progress and give way later.

Secondly, it is not the role of the European Court of Human Rights to legislate on who gets to vote in the UK. As the President of the Court and others argued in their dissenting opinion on Hirst,

"it is essential to bear in mind that the Court is not a legislator and should be careful not to assume legislative functions."

That is why we argued in the Grand Chamber that the Court was acting ultra vires and why we believe it is for Parliament—and Parliament alone—to legislate on this for the UK.

Thirdly, the Government's proposals that prisoners sentenced to custodial sentences of less than four years should retain the vote—if indeed they still are their proposals; they might not be, given what we have just heard—are far too generous and will not be acceptable to the vast majority of the British public. That is not to say that prisoners should be deprived of all their rights. Of course not—prisoners are humans. Torture and degrading treatment are repugnant. We abhor it when prisoners are treated as less than human in jails in Latin America, in Turkey or in Russia. In depriving someone of their liberty, however, the state should be able to decide that someone has also forfeited other freedoms. Prisoners retain a right to family life, as the European Court of Human Rights has rightly adjudged, but while in prison they cannot pick their children up from school or kiss them goodnight. They retain the right to freedom of expression and, for that matter, freedom of religion, but, by definition, they lose the right to freedom of assembly.

Ian Paisley: The hon. Gentleman is absolutely right to say that choosing four years as the threshold is far too generous. I wonder whether Members have reflected on what that really means. It means 4,370 drug dealers getting the vote; it means almost 10,000 people involved in theft, burglary or robbery getting the vote; it means 1,753 rapists or people involved in serious sexual crimes achieving the vote; and it means 5,991 people involved in crimes against a person getting the vote. Does the

hon. Gentleman accept that although we do not get a lot of letters from prisoners demanding the vote, we will get a heck of a lot of letters from victims and their families if we give those people the vote?

Chris Bryant: The hon. Gentleman has made his point extremely well, and I think that it has been taken by many Members.

Jeremy Corbyn: I am very puzzled by my friend's approach. If we as a country are signed up to the European convention on human rights, which we frequently use—all of us as Members of Parliament use it in representing our constituents—and if the Court makes a judgment on the question of prisoners' voting rights within that convention, we are bound by that judgment, by treaty and by law. Why on earth are we debating this issue unless the long-term agenda—and I suspect that it is the agenda of many Members—is complete withdrawal from the convention? Surely that is the real agenda of many people.

Chris Bryant: It is certainly not my agenda, and I hope that I shall be able to please my hon. Friend with some of the things that I am going to say. I would add, however, that politicians engage in pick and mix sometimes—indeed, virtually every day of their lives.

Tom Brake: The hon. Gentleman said that it was not his party's policy to give prisoners the right to vote. Is he advocating withdrawal of the right to vote that some prisoners already have?

Chris Bryant: No, and, if the hon. Gentleman does not mind my saying so, I think that that was a rather fatuous contribution.

I know that many of my close friends disagree with me on this issue—indeed, the Archbishop of Canterbury and the former Bishop of Worcester, both of whom were my spiritual directors, disagree with me—but I reiterate that I think it perfectly reasonable that if a person puts himself outside the law, he should lose his vote when he loses his liberty. I will not, however, be joining any wholesale attack on the European Court of Human Rights. I lived in Spain under Franco, and I saw friends of mine tortured in Chile under Pinochet without the benefit of any court to stand up for their human rights.

The Court has been a vital part of the infrastructure of freedom in Europe since its inception. When David Maxwell Fyfe, later a Conservative Home Secretary and Lord Chancellor, advocated its creation and drafted the original convention for the protection of human rights and fundamental freedoms, he rightly saw the Court, and the Council of Europe, as a bulwark against both the atrocities of the Nazi and fascist regimes of the 1930s and the brutality of the communist thugs who ruled eastern Europe.

It is true that Maxwell Fyfe was no human rights saint—he made sure that Derek Bentley hanged, and waged a ferocious anti-homosexual campaign throughout his time as Home Secretary—but Britain's instincts in seeking a European structure for freedom and signing up to the European convention on human rights were right, and are still right.

Mr Shepherd: The hon. Gentleman speaks of Maxwell Fyfe, but it was, of course, a Labour Government who signed up to the convention. The hon. Gentleman will recall from his researches that Lord Jowett and the Cabinet had the greatest difficulty in reconciling that with the establishment of a court that would be outside the jurisdiction of this country. That is the issue that haunts what we are discussing today: that a court elsewhere reaches beyond our own competence.

Chris Bryant: People have claimed that either a Labour or a Conservative Government signed up to the convention, but in fact there was a cross-party agreement that we should move in that direction, just as we agreed on how we should prosecute throughout the Nuremberg trials. Hartley Shawcross was Attorney-General, but he none the less allowed Maxwell Fyfe to conduct the vast majority of the interrogation. Similarly, our approach to human rights was shared by both the main political parties throughout the period following the second world war.

Mr Shepherd *rose—*

Chris Bryant: I understand the other point that the hon. Gentleman made, and I hope to deal with it shortly.

Mrs Eleanor Laing (Epping Forest) (Con): Will the hon. Gentleman give way?

Chris Bryant: If the hon. Lady does not mind, I will make a little progress—oh, all right. The hon. Lady is very enticing.

Mrs Laing: I thank the hon. Gentleman. I seek, just once, to help him. I do not know whether he is aware that Winston Churchill, speaking at the Congress of Europe in The Hague in 1948, said:

> "The Movement for European Unity must be a positive force, deriving its strength from our sense of common spiritual values... based upon moral conceptions and inspired by a sense of mission. In the centre of our movement stands the idea of a Charter of Human Rights, guarded by freedom and sustained by law."

I hope that that helps the hon. Gentleman.

Chris Bryant: It does help me, and I think that it helps the House as well. What Britain was seeking to do was enshrine throughout the rest of Europe the freedoms that we had enjoyed for centuries in this country from the Bill of Rights onwards. That was Churchill's vision.

Even in Britain, rights have been won thanks to the Court. The Attorney-General cited a couple of instances in which he agreed with the Court and disagreed with the previous Labour Government. Successive Governments, for instance, held out against allowing gays in the military in this country. It was the European Court that insisted in 1999, and today I am not aware of a single Member of Parliament who thinks that someone should be sacked from the Army, the Navy or the RAF solely by virtue of his or her sexuality. Likewise, it was as a result of the Court's judgment in the case brought by Denise Matthews against the Labour Government that Gibraltarians were granted the right to vote in elections to the European Parliament in 2004. So Labour supports the European Court, but as a critical friend.

[Chris Bryant]

We have heard several criticisms of the Court's operation today. Let me add a couple. The court has a backlog of many thousands of cases, which would take 47 years to complete. Its members are not all equally qualified. It has no effective triage system to filter out vexatious claims of little or no merit. There is no requirement for an appellant to seek leave to appeal to the Court from a national court in the first place, which is something that we might want to consider. Most important, some of its members believe that they are, or should be, a supreme court for all the contracting parties—to which I simply say that they are wrong.

Every high or supreme court in Europe has a democratic safety valve which allows its duly elected Assembly or Parliament to overrule the courts in certain circumstances. In the UK, that is our parliamentary sovereignty. We firmly contend that the 1688 Bill of Rights was right to assert that proceedings in Parliament cannot be

"impeached or questioned in any Court or Place".

Mr MacShane: Will my hon. Friend give way?

Chris Bryant: I hate the fact that there was a pause there. I give way to my right hon. Friend.

Mr MacShané: Would my hon. Friend advance the same argument in respect of the European Court of Justice?

Chris Bryant: To be honest, I think that that is a debate for another day. I am keen not to conflate discussions about the European Court with discussions about the European Union, and I think that in that respect my right hon. Friend would agree with me.

Mr Straw: Will my hon. Friend give way?

Chris Bryant: Of course I will give way to the former Justice Secretary.

Mr Straw: Perhaps my hon. Friend will allow me to provide the answer to the question asked by our right hon. Friend the Member for Rotherham (Mr MacShane). Even in the case of decisions by the European Court of Justice, there can be, and sometimes is, the equivalent of a democratic override through decisions made by the European Council of Ministers. They will often change a directive in order to correct some judgment of the Luxembourg Court. The fundamental difficulty with the Strasbourg Court is that there is absolutely no mechanism for achieving that.

Chris Bryant: Indeed. Perhaps consideration should also be given to the role of the Committee of Ministers. It has not thus far been able to play such a part, despite often applauding critical interventions by Ministers following Court decisions.

Lorely Burt (Solihull) (LD): Will the hon. Gentleman give way?

Chris Bryant: I will give way to the hon. Lady, but then I really must make progress.

Lorely Burt: I am extremely grateful.

A moment ago the hon. Gentleman was advancing a compelling argument, supported by Members on both sides of the House, about the enlightened way in which the European Court of Human Rights has been able, through its legislation, to change people's idea of what is right and of morality. Does he not agree that if we pass the legislation that will give prisoners voting rights, in another 20 years that idea may prove just as unpalatable as some of the other measures introduced by the Court?

Chris Bryant: I have a problem with the position adopted by the Liberal Democrats since the general election. I should be happy to hear their arguments in favour of the substantive issue. Let them put the case, and put it convincingly, rather than hiding behind the process and the European Court. It would be quite nice to hear the Deputy Prime Minister say a single word on the subject.

Let me turn to the Court's decision in Hirst *v.* the United Kingdom that the blanket ban on prisoners from voting contravenes article 3 of protocol 1—a decision which, I should point out, was not unanimous, and was not supported by the then Swiss President of the Court, Professor Luzius Wildhaber. The problem is simple. As is stated in the report of the Political and Constitutional Reform Committee, published yesterday,

"however morally justifiable it might be, this current situation is illegal under international law founded on the UK's treaty obligations."

Clearly, as some have already suggested today, we could tear up our treaty obligations. I believe that would be wrong in principle and foolhardy in practice. For the UK to leave the Court would be fatally to undermine its authority. It would be to abandon much of Europe to precisely the same disregard of human rights as was evident when the Court was founded, and for British industry and British citizens living, working and doing business across the continent, that rule of law, enforced through the right to petition the Court, is vital. Alternatively, we could seek to reform the Court, steering it away from trying to be a form of supra-national supreme court and quasi-legislature.

It may be that today's motion could help in that process, as the Attorney-General has suggested. After all, the Court asserted that

"there is no evidence that Parliament has ever sought to weigh the competing interests or to assess the proportionality of a blanket ban".

It was wrong on that, although there have not been many debates on the matter, but I think that is because there was unanimity in the House rather than because Members did not have a view on it. Following today however, a robust vote from this House will make it impossible for the Grand Chamber to maintain that claim.

The third course of action open to us is to enforce the Court's judgment, and here there is another problem. While the Grand Chamber maintained that a blanket ban on all convicted prisoners was disproportionate, it also argued that

"Contracting States must be allowed a margin of appreciation in this sphere"

and that

"the margin in this area is wide."

Subsequent judgments, not least those referred to by the Attorney-General of Frodl *v.* Austria, Py *v.* France—which he did not refer to—and Greens and M.T. *v.* the UK all point in different directions. In particular, Frodl *v.* Austria seems to suggest putting a new gloss on the Hirst interpretation, while Greens and M.T. *v.* the UK appears to be rather more lenient in its approach and allows a greater margin of appreciation.

The key question is: how wide is the margin, or how much wriggle room do we have? We know there are wide variations in European practice on prisoners' voting. In Belgium, four months is the length of time, whereas in some countries the ban on voting can continue after the imprisonment has ended. That is why I wholly agree with the dissenting opinion of Professor Wildhaber and others in the Hirst case when they say

"the legislation in the United Kingdom cannot be claimed to be in disharmony with a common European standard."

They said that because there is not a European standard, and it is therefore difficult to see how the courts could enforce in this direction. What is the absolute minimum the Government would have to do in order to appease the Court?

Claire Perry: Does the hon. Gentleman further agree that part of the problem in defining this on a pan-European basis is that we have completely different definitions of what constitutes a crime and what sentencing should be applied? Therefore, trying to apply a blanket ban on a cross-border basis is inane.

Chris Bryant: Indeed, the Court itself has made it clear in successive judgments that a whole series of matters would determine how a national legislature decided to approach the issue of voting. The proportional representation issue has been raised in the debate, but that is not a matter of particular concern to the Court. Matters of concern to it include the history, tradition and pattern of voting. The Court has always accepted that, which is why a lot of us are very keen to make sure that the wriggle room that is allowed—the margin of appreciation to use its term—is as extensive as possible.

Mr Davidson: Does my hon. Friend accept that the criteria we ought to adopt are not simply about votes for prisoners, but votes for the guilty? The guilty includes two categories: those who are sent to prison and are therefore prisoners, and those whom it has not been deemed appropriate to put in prison. This House and other institutions constantly review the question of who is to be sent to prison and who is not, so there is constant evolution on this matter.

Chris Bryant: My hon. Friend makes a remarkably subtle and nuanced point, which is unusual for him. *[Interruption.]* I think he knows that I mean that in the kindest way. Following on from his point, I would add that the Court has been wrong to assert that we have a blanket ban in the UK. As has already been said by several speakers, we do not ban those on remand, or those who are in prison by virtue of contempt of court or for fines. It is therefore not a blanket ban, and I think the Court should have taken that into consideration.

I want now to refer briefly to the Government's record, as they have hardly covered themselves in glory. *[Interruption.]* I was not going to make these points until the Attorney-General decided to attack the previous Labour Government; I had crossed these remarks out, but I have now decided to reinstate them.

In opposition, one Conservative right hon. and learned Member dismissed the idea of prisoners' votes as "ludicrous" and said that

"it will bring the law into disrepute and many people will see it as making a mockery of justice".

I think many people would agree. The right hon. and learned Member who said that was the current Attorney-General. He also said that

"there is no reason why our courts should be bound by Strasbourg Court jurisprudence"

and

"the obligation on the UK to respect Strasbourg Court adverse decisions, in a particular case to which it is a party, is an international treaty obligation and not a legally enforceable matter at all."

I do not think that is quite what he said this afternoon.

The Attorney-General: I thought I had made the position clear. First, this Parliament is entirely sovereign in both Houses in the enactment of primary legislation and can resolve what it wants. Secondly, the Executive are bound by the ministerial code to observe their international treaty obligations that have been ratified.

Chris Bryant: That is not quite how the right hon. and learned Gentleman expressed it on the radio before the general election, but I just want to check this: is it still the Attorney-General's legal advice that there is no need for Parliament to adhere to the treaty, the convention and the judgment of the Court? That seemed to be the point that he was making previously—I know the point that he is making about the Government's requirement.

The Attorney-General: If I may say so, I think the hon. Gentleman has taken my comments slightly out of context in the following sense. The debate that was taking place, and which has often been a problem, is about conflating EU law and the EU with the Council of Europe. EU law, by virtue of the treaty of accession—

Mr Straw: The '72 Act.

The Attorney-General: Yes, the European Communities Act 1972. I am grateful to the right hon. Gentleman for that. By virtue of the '72 Act, EU law has direct application in this country, whereas the Council of Europe and European convention on human rights do not, except in so far as we incorporate that in the Human Rights Act 1998. That is the distinction.

Chris Bryant: Fine; I am glad that the Attorney-General has clarified that. Can he clarify one other point, too? The one element on which he has not given us any advice today—and if he has any legal advice, I would be grateful if he published it—is his interpretation of the wriggle room or margin of appreciation that is genuinely available to us. He seems to have suggested today that one area that was insisted on in Frodl *v.* Austria—namely that judges should have to be able to make an individual decision on each person for that to be valid—is no longer necessary for us, although that was in the ministerial statement issued by the Parliamentary Secretary, Cabinet Office, on the day before we broke for Christmas.

[Chris Bryant]

[Interruption.] The Attorney-General appears to be disagreeing with that, but it was in that ministerial statement.

I also want to know whether the Attorney-General has had legal advice on whether four years is necessary, or whether one could get away with less than that. Those of us who want to be able to do everything we can are keen to know the absolute minimum that the Government would have to do to comply.

The Attorney-General: The hon. Gentleman knows the conventions in government—one of which is that Law Officers' advice, and whether it has been sought and what they have advised, is not published. I can say two things, however. First, I have sought to explain something of the legal framework. As for the questions about Greens and M.T. and Frodl, read on its own the Frodl judgment would suggest that judicial discretion was required. Subsequently however, Greens and M.T. does not appear to insist on judicial discretion. Judicial discretion appears to have particularly exercised people in this country, because they do not think the judges should necessarily make such a determination. In those circumstances, although the House might wish to look at judicial discretion issues—and it has been suggested that that might be a way of dealing with those who fell below a benchmark for normally being allowed to retain the vote—that is not necessary.

Chris Bryant: Again, I am grateful to the Attorney-General, as I agree with him; my reading of the Greens and M.T. case is wholly consistent with his in relation to judicial oversight. That was one of the questions that we raised in the debate in January, and I received responses from the Minister who took part in that debate only at 8.31 pm yesterday.

I reiterate that the Government have made various statements over the past few months. The Lord Chancellor made one yesterday on the radio, the relevant Minister made one in the House of Lords and the Minister who responded to the Adjournment debate in Westminster Hall made one then. Those statements have not been consistent with each other, but they have adverted to legal advice. It is the tradition of this House that when one relies on evidence, that evidence is published.

So what is the Government's policy? What is the absolute minimum that they believe the UK has to deliver to meet its treaty obligations?

Mr Jenkin *rose—*

Chris Bryant: I hope that the hon. Gentleman does not mind if I do not give way, because others want to speak and I ought to be drawing my comments to a close.

Would it be sufficient for the Government to present proposals—*[Interruption.]* I would be grateful if the Attorney-General would listen, just briefly. Would it be sufficient for the Government to present proposals—introduce legislation—but for Parliament not to agree them? Would that, in some sense, satisfy the Court? What do the Government believe will happen if the House supports the motion this afternoon? How have the Government arrived at the compensation figure? Previously it has been said that £160 million-worth of compensation will be entailed, but I gather that last night the media were briefed that the compensation figure will be £143 million. I understand that that has been arrived at on the basis not of the Attorney-General's legal advice, but of advice given to the Government by others. Will that be published? Can he explain how the compensation would be enforced, given that all applications for compensation to the county court should surely be struck out by dint of section 6(2) of the Human Rights Act 1998, which reinforces parliamentary sovereignty? Indeed, is there not a claim in the High Court today from the Treasury solicitor to that effect?

The Attorney-General: All I will say on the issue of compensation is that it is very difficult to know how much compensation might or might not have to be paid. Let us suppose that there were two elections in which the entirety of the sentenced population in the prison system were deprived of the right to vote and they were all to bring a claim. On the basis of there being about 73,000 people in the prison system in that category and on the basis that about £1,000 to £1,500 of compensation and costs might have to be paid, the hon. Gentleman will be able to start to work out what sort of total cost might be involved. Of course, lots of prisoners might decide not to bring a claim, so I must accept that all the Government can do is provide a reasonable guide of the potential for the matter to be very costly. The hon. Gentleman will have no difficulty acknowledging that when he does the calculation.

Chris Bryant: I note that the Attorney-General was referring to general elections, but of course it was stated in evidence last week to the Select Committee that the Scottish and Welsh elections in the next few weeks present a real problem. I accept that there are problems, but I wonder how anybody conceives that compensation payments would be enforced.

The Attorney-General *rose—*

Chris Bryant: I will, of course, give way, but I am trying to end my speech.

The Attorney-General: I apologise for intervening, and the hon. Gentleman will appreciate that I had to bring my remarks to a close earlier as I did not want to take up too much time. He rightly says that arguments were placed before the Select Committee by lawyers saying that they thought that the matter applied also to voting in devolved legislatures. That is not the Government's view.

Chris Bryant: I am grateful to the Attorney-General for that. This is a Back-Bench debate and it provides an opportunity for the Government to take the temperature of the House without the intervention of a Whip. We believe that the Committee of Ministers, which is charged with ensuring the execution of the Court's judgments, should take proper cognisance of a clear, un-whipped majority in this House. The Court should step away from insisting on its most draconian interpretation of the margin of appreciation available, not just to this country, but to others, as there is no one European standard on this matter. Indeed, many countries maintain a complete ban. Finally, any British Court considering compensation or action based on the Hirst judgment should also think twice before "impeaching or questioning" this proceeding in Parliament.

2.14 pm

Mr Robert Walter (North Dorset) (Con): I congratulate the right hon. and hon. Members who have succeeded in securing this debate, but may I start by busting one myth? We have heard the mantra, "These are unelected and unaccountable judges." I am not sure that I can recall any elected judges in this jurisdiction or in most other jurisdictions. Judges who are unelected are not that unusual. However, the judges in question are elected and I voted for one just two weeks ago. The new judge representing Portugal was elected by the Parliamentary Assembly of the Council of Europe, and 18 Members of this Parliament are mandated to vote for judges in the European Court of Human Rights. A number of them have been here for this debate, including my hon. Friends the Members for Gainsborough (Mr Leigh) and for Devizes (Claire Perry) and others who were in Strasbourg two weeks ago.

Dr Thérèse Coffey (Suffolk Coastal) (Con): Is there actually a choice of candidates or is there literally the same number of candidates as there are votes?

Mr Walter: I am delighted that my hon. Friend has raised that matter, because the next point that I was going to make was that a sub-committee vets the candidates. My hon. Friend the Member for Christchurch (Mr Chope) is one of the members of that sub-committee who successfully rejected a slate of three candidates put forward by Portugal four months ago, and Portugal had to go back to find some candidates who were acceptable to us. However, may I say that the candidates who come forward are not always of the highest calibre and the quality of judges in the Court has to be taken on board?

For more than 200 years, our criminal justice system has been guided by a simple and sound formula: if someone commits a serious crime, they forfeit the right to freedom. When someone breaches the contract with society they compromise their right to participate in civic processes. When someone breaks the laws of the land, they have no say in who makes those laws or governs this country. So it follows—I support this—that convicted prisoners automatically lose the right to vote. I believe that that is a proportionate and proper response following conviction and imprisonment.

Yet, today, we find ourselves debating whether prisoners should have the right to vote: whether a principle enshrined by our Parliament, endorsed by successive Governments and supported by the public, should be rescinded by this European Court ruling. I believe that the ruling by the European Court of Human Rights was wrong. I share many colleagues' unease at the potential sea change that it could bring about. The notion that those who knowingly place themselves outside the rule of law could have electoral sway equal to that of law-abiding citizens strikes me as illogical and unfair.

My constituency is home to Guys Marsh prison, which has 578 inmates. The prison lies within the Melbury Abbas and Cann parish council area, which has 614 electors. So if we take this measure to its logical conclusion and prisoners are allowed to vote where they reside, they could potentially overrun the parish council elections. If they were also entitled to stand for election and if they were elected, where might the parish council meet?

Simon Hughes (Bermondsey and Old Southwark) (LD): Does the hon. Gentleman not accept that the logical position were there such a right to vote, as there is in some cases, is that the prisoner's home address would be the place where they would vote? That is how we work as MPs and how a voting system would work for prisoners.

Mr Walter: I thank the right hon. Gentleman for his intervention. What he describes would be a logical and proportionate way to proceed, but many prisoners had no fixed abode before they came into prison, so where would they then "reside" or have their vote registered?

Withdrawing from the convention would be counter-productive, if not dishonourable. I appreciate that the Hirst ruling has raised legitimate constitutional questions that go right to the heart of the Court's credibility and I also recognise that the Court is not perfect and is struggling to cope with a massive backlog of cases. It is in need of serious reform.

Ben Gummer: May I ask my hon. Friend a question as he is an expert on these matters? Would resiling from the 1965 agreement, under which petitioning to the ECHR would be allowed, constitute a withdrawal from the convention, or could we do that and remain a signatory to it?

Mr Walter: I am not a lawyer and would defer to the Attorney-General for a legal answer. As was said earlier, "We are where we are"—I think we have to go from that particular point.

We need to put all this into perspective. Since the convention came into force, Russia has faced more than 1,000 adverse judgments; Turkey has had more than 2,000, 228 of which were in 2010 alone; Poland has had 761; Ukraine has had 709; and Romania has had just over 700. What if the UK defied the Court? Dissent is unacceptable, because we would be saying it was acceptable for countries that face thousands of charges, many on grave human rights abuses, to flout international law. That is clearly unacceptable.

How do we reconcile our opposition to the Court's judgment?

Mr Peter Lilley (Hitchin and Harpenden) (Con): Will my hon. Friend give way?

Mr Walter: Sadly, I have only 30 seconds left, so I shall not.

The reform process that several hon. Members have mentioned is under way. It refers to subsidiarity and is very clear. The Interlaken process, which was started in Interlaken last year, will be continued in Izmir and I hope that the Government will support that when they take over the chairmanship of the Committee of Ministers.

2.22 pm

Mr Michael McCann (East Kilbride, Strathaven and Lesmahagow) (Lab): I support the motion, particularly the part noting that this House should be the place where legislative decisions of this nature are made. There have been a number of contributions from learned Members, but I should like to take the debate in a different direction. I read with interest the report, "Voting

[Mr Michael McCann]

by convicted prisoners: summary of evidence", of the Select Committee on Political and Constitutional Reform, which states at paragraph 4:

"We took the evidence summarised in this Report with a view to exploring the current legal position, not with a view to questioning whether extending the right to vote to convicted prisoners in certain circumstances would be philosophically, morally or politically justifiable."

Those words are important because those are exactly the kind of judgments that our constituents expect us to make and to use in the Chamber. However sophisticated or complicated the arguments get, this is about a basic belief system and whether giving prisoners the right to vote is right or wrong. I take the view that someone who has committed a serious crime or series of crimes and who has been incarcerated, apart from the exclusions that have been mentioned already, should lose that right.

I am not prepared to flinch from that position and I shall tell hon. Members why. The general public might not wish to discuss the details of the principle of proportionality put forward by Aidan O'Neill and they might not be too concerned about Lord Mackay's conclusion that the right to vote is not an absolute right, but they know instinctively when something is right or wrong. I believe that the public think it is wrong to give prisoners the vote.

Tom Brake: Have you asked them?

Mr McCann: I am just about to go into that. I have asked them, because I wanted to test my beliefs and whether my view that it would be wrong to give prisoners the vote would be taken on board by the public who elected me. The reaction I got from people was very similar. After I explained the issue, there was a pregnant pause because people thought that I was about to give them the punch line to a joke, rather than tell them about an issue that we were going to debate in Parliament. Then a look of disbelief came across their face at the very thought of giving criminals the right to vote.

I was lucky enough to visit Sandhurst earlier this week along with other hon. Members as part of the armed forces parliamentary scheme. We saw young men and women being prepared to be the officers of the future. In about six months' time they will be serving in Afghanistan. I took that opportunity to ask those fine young men and women, as a litmus test, whether they believed it was right to give prisoners the vote. To an individual, they said no; it is very important to listen to them as well.

It is interesting to listen to the people who come to the debate from the other side. Liberty argues that denying prisoners the vote undermines the Human Rights Act, but I believe the reverse is true. The Howard League for Penal Reform suggests—ludicrously, in my opinion—that extending the right to vote to prisoners would be a natural progression of the ECHR. I disagree with that completely: it is an example of how risible an argument can become when it is over-egged.

What should we say to people who think we are over-hyping this issue when we say that rapists, paedophiles and murderers will get the vote? I looked up three examples of people who have been imprisoned for less than four years. Are we going to give the vote to Corey Smith, aged 19? He was sentenced to just under four years for threatening to stab commuters on the Central line in a three-week crime wave in December. Should we give the vote to the Mazambi family, three of whom were convicted for less than four years for stealing £500,000 from Comic Relief? That money should have gone to good causes. What about the motoring case of Jonathan Francis McGonagle, aged 23? He was sentenced to less than four years for killing a 25-year-old pedestrian while being drunk in charge of a car. Are they the type of people who should be given the vote?

Simon Hughes: If I make a speech today, I am not going to argue for a blanket right to vote for prisoners, but what does the hon. Gentleman say about the fact that in most other countries that subscribe to the Council of Europe the same view is not taken and the right to vote is given to some prisoners? What is the difference between the British culture and the rest of Europe that means that people just a few miles away have such very different views?

Mr McCann: Because we are different. Northern Europeans' view of life can be somewhat different to that of southern Europeans. They are entitled to their point of view, as are we; as Members of this House, we are entitled to take decisions on these matters. I dismiss the right hon. Gentleman's point because this is about interpreting the European convention on human rights and how it is incorporated into UK law.

I was mindful of the words of Louis D. Brandeis, who was an associate justice of the Supreme Court in the United States of America. That gentleman said:

"If we desire respect for the law, we must first make the law respectable."

That is an important point, which we should remember.

In my opinion, laws that command the support of Members of the House are being manipulated in unacceptable ways. It is perverse to argue that those who break our laws, and who have been incarcerated for doing so, should be given the right to vote, and there is a burden of responsibility for Members in this House to speak out. I have done so today and I will be backing the motion.

2.28 pm

Mrs Anne Main (St Albans) (Con): I am pleased to be able to say that I support the motion. I am disappointed that my amendment was not selected, because several hon. Members have raised the spectre of what this step will cost, and we cannot have that elephant in the room. We cannot grandstand today or make large speeches and not accept that someone, somewhere is looking at the detail of what is said and seeing whether they can bring us to heel with threats. Hanging over us is the fact that prisoners around the country will be studying what is said and queuing up to test the strength of our resolution.

Once somebody has been convicted of a crime so serious that they are jailed—not just any crime—they go to prison and their voting right is suspended. It is not removed; it is suspended until it is considered right for them to leave jail. If we pick an arbitrary figure of one,

two or three years, or certain categories of prisoner, it is my absolute belief that people will test the reasonableness of that decision. That is a deeply unsettling thought. The litigation will not stop because we have decided to draw the line in the sand at that particular point just because some other countries have done so.

I absolutely concur with the hon. Member for East Kilbride, Strathaven and Lesmahagow (Mr McCann): what other countries choose to do is completely up to them. They have found the level of reasonableness that is acceptable to them and to their population, and to the constituents who voted for them to make those decisions. We are here to represent our constituents. I am not a lawyer; I do not know the legalese, but it depresses me profoundly when I hear that we, a sovereign Parliament, are looking for wriggle room. Why are we looking for wriggle room? We should be able to say that this House's view is that we do not believe that anyone who is convicted of a crime so serious that they are going to jail can then exercise the right to vote.

In case there is a question whether we should be making that decision, I would like to read a quote that appeared yesterday on the Prison Reform Trust website. Juliet Lyon advocates:

> "Instead of listening to MPs…the coalition government should listen to the advice of experienced prison governors and officials, past and present bishops to prisons and chief inspectors, electoral commissioners, legal and constitutional experts and most other European governments."

I say no. The people whom the coalition Government should listen to are the elected Members of this House, who serve thousands and thousands of law-abiding citizens, most of whom—not all, because I believe Liberal Democrats would argue to the contrary—find it repugnant that the Mr Hirsts of this world can believe, as he says, that the decision is

> "going to be a great leap forward once the prisoners get the vote. They will start voicing their opinion and they'll start getting changes that they deserve, whereas before they were getting kicked and they're last in the queue when things were being dished out. But now they'll be on an equal footing to everybody else because their vote counts."

No, they are not on an equal footing. They have lost many of their liberties as a result of being in jail, and this right is something that they should also lose.

Simon Hughes: I have listened to my constituents for 27 years. I am quite clear that the majority would be in favour of restoring the death penalty. I do not accept that view. We do not have to accept the view of the majority. There is a perfectly reasonable view that, actually, the minority are sometimes right.

Mrs Main: And I respect the right hon. Gentleman for his own judgment on that matter, but we are talking today not about getting rid of someone's life but about suspending their voting rights while they are incarcerated at Her Majesty's pleasure, because 12 good men and true—and women—decided that their crime was sufficiently bad, and the judge agreed with them, to send them to jail. Bringing the argument about the death penalty into this debate does not help us one jot.

We should be saying, as part of the motion, that if the crime is so serious that someone is sentenced to jail, that is the benchmark. Other countries may have set a benchmark of a year, two years or three years, but our benchmark is perfectly just and reasonable.

If we leave this elephant in the room, leading to compensation, costs and judgments against us, costing our taxpayers money, we will be treading a path that most of our constituents would find incomprehensible; and if today we cannot debate that amendment because it was not selected, I propose that it be brought back as a motion before the House. I took comfort from the Attorney-General when he said he hoped there would be further debates on the subject, and I think that is a crucial debate. We should vote today in the certain knowledge that the will of House is that we do not extend voting rights to prisoners who are incarcerated, and in the next debate we must make it clear that we do not believe they should be compensated for that loss at all.

2.34 pm

Naomi Long (Belfast East) (Alliance): I apologise for the fact that immediately after my contribution I will have to leave the Chamber owing to circumstances beyond my control.

Before I begin, I am sure that hon. Members will wish to join me in expressing their condolences to the families of those who today lost their lives in a plane crash on a flight from my constituency in East Belfast to Cork. I know that hon. Members may have heard the news and will want to extend their condolences to the families affected and their best wishes to those who have survived that crash.

Mr Nigel Dodds (Belfast North) (DUP): I join the hon. Lady in those expressions of sympathy. It was a matter that I raised at business questions this morning, and Members from Northern Ireland sympathise with her and her constituents at this time. It has been a grievous loss which is felt deeply across the Province.

Naomi Long: I thank the right hon. Gentleman for his words of condolence, and I am sure that the people involved will appreciate them very much.

In the short time available, I want to touch briefly on two issues, namely the effect of the blanket ban and the Government's preferred option for change, which has been outlined. I share many of the concerns expressed about the idea of extending the right to vote to prisoners, which, I concede, is counter-intuitive. This debate has to be considered and balanced if it is to meet the requirements of the European Court of Human Rights, and, most importantly, to reach a just and reasonable position on the matter. Essentially we need to consider the rationale for removing the right to vote in a blanket ban and what purpose that serves. While gut instinct may tell us one thing, the rationale for it does not stand up to scrutiny.

Prison serves three purposes, the first and most important of which is to protect the public. Therefore, I agree with the right hon. Member for Haltemprice and Howden (Mr Davis) that it follows that those in prison ought to be those who have committed serious offences, although that is not always the case. It is also important that it is about punishment for the offence that has been committed. However, Members who have spoken in favour of retaining a blanket ban have themselves questioned whether it is effective, either as a punishment, given that few prisoners actually want to exercise the right to vote, or as a deterrent for future criminals.

[Naomi Long]

The third aspect of prison is to rehabilitate offenders so that they can effectively rejoin society at the end of their prison sentence and make a positive contribution. There is an argument that by re-engaging prisoners in civic responsibility in the latter parts of their sentences in particular, it is possible to establish more positive behaviours, which may then follow them into wider society on their release. Voting in certain circumstances may play a role in that. We have international treaty obligations, which have been outlined in some detail.

I would prefer any changes to UK law that introduce limited voting rights for prisoners to be based on length of sentence rather than left to the discretion of the individual judges and the courts. The Government proposal to allow voting for sentences of four years or less seems an overly generous response and not necessarily more proportionate and considered than a blanket ban. A preferable option, bearing in mind the rehabilitation argument, may be to limit the right of voting to prisoners serving sentences of one year or less, and to reintroduce the right to vote in the final year of a longer sentence as part of a wider programme of reintegration and rehabilitation. That may be seen as a more considered and more positive response.

Prisoner voting is a reserved matter. However, justice is devolved in Northern Ireland, so decisions taken in Westminster will have an impact on the devolved Administration, who will be responsible for implementing it directly. It is therefore critical that the Government consult fully with the devolved Administrations about their approach, and listen to their concerns and their input as they take it forward.

It is important that we have had the opportunity to discuss the subject, and I hope that it will not lead simply to the removal of the blanket ban with nothing more considered being put in its place.

2.38 pm

Karen Bradley (Staffordshire Moorlands) (Con): I am grateful for the opportunity to contribute to this important debate. Before the hon. Member for Belfast East (Naomi Long) leaves the Chamber, may I add my sympathies to those already expressed to her and her constituents? I must also congratulate my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) on obtaining the debate, and the Backbench Business Committee on giving time for it. I will try to keep my comments short given how many hon. Members want to contribute, but the fact that so many do is indicative of the interest in the House and throughout the country on this matter.

I was elected to be the voice of my constituents in this place, and many of them have contacted me to express their concern about the matter. They are firmly, to a man and a woman, against any move to give votes to prisoners, and I am wholeheartedly in agreement with them.

Prison should fulfil three functions: protect the public, rehabilitate the prisoner and punish them. This debate is most concerned with its punishment function. Depriving someone of their liberty is in itself the strongest of punishments. There is the obvious physical restriction—the inability to move freely—but there is rightly another aspect to the punishment of a prison sentence: through the actions that have deserved such punishment, prisoners set themselves apart from civil society in an important way. The right to vote is an important part of a citizen's rights; it is not something to be taken lightly. In fact, it is an indication of full participation in society. Losing the right to choose a democratic representative is an important part of the punishment, but it is also recognition of the nature of the punishment, which is more than the inability to go where one pleases.

Damian Collins (Folkestone and Hythe) (Con): I am following my hon. Friend's argument closely and totally support it. Does she agree that a legal anomaly that should perhaps be considered in this debate is the fact that prisoners serving a year or less in prison have the right to stand for election to this House, even though they do not have the right to vote?

Karen Bradley: That is a good point, and I am sure that we will come back to it.

Removal of the right to vote does not mean that prisoners are not represented. Indeed, I am sure that every Member of this House has had reason to act for a constituent in prison, by ensuring that appropriate rehabilitative courses are available or that inappropriate conditions are addressed, for example. Therefore, it would be wrong to say that prisoners are not represented. They must be treated fairly, and they are represented here. However, representation is a separate issue from the right to choose the representative. As well as a mark of full participation in society, the right to vote is a hard-fought privilege.

Mr John Redwood (Wokingham) (Con): I agree with my hon. Friend. Does she agree that if it is the will of this House that prisoners should not gain the vote, there must be no question of any payments of compensation?

Karen Bradley: I agree wholeheartedly.

It is not only particularly difficult to accept that the will of Parliament should be challenged on this matter of all things in the way we find it challenged today, it is also a direct insult to those men and women who fought, both politically and physically, to extend the franchise; it is an insult to the principled men who fought for the right to vote in the 19th century to grant the right to vote to serious criminals; and it is a terrible insult to suffragettes, such as Emmeline Pankhurst and Emily Wilding Davison, the latter, as Members will know, having hid in this House to make her case.

Lorely Burt: I am following closely the hon. Lady's remarks about our foresisters, the suffragettes. They were imprisoned, so by the logic of her argument she obviously would not like them to have the vote while in prison either.

Karen Bradley: I am not sure that I agree with the hon. Lady's argument. The fact is that the suffragettes were fighting for women's right to vote, something of which she and I are welcome beneficiaries. It would be a great insult to their memory to allow prisoners who have abused women to enjoy the same rights that they suffered to earn.

As Members of this House, we are privileged to represent our constituents and should recognise the value that the electorate place on that right. Giving the

vote to prisoners who have committed serious offences equates them with the rest of society. Of all people, we should support the importance of the vote. It is no physical or psychological hardship, but a mature part of society's position. While a person is in prison, they should not have the right to vote.

2.43 pm

Yasmin Qureshi (Bolton South East) (Lab): The debate is about whether prisoners should have the right to vote, but it seems to have been turned into an opportunity to bash the European Court of Human Rights, the convention and the Human Rights Act. That is completely unfair, because over the past 30 or 40 years the European Court has been making judgments in cases where it is now accepted that the correct decision was made.

We have heard constant references to Lord Hoffmann's opinion. When I was training to be a barrister, I was told that citing dissenting and minority opinions of judges is the last refuge of a desperate advocate. Let me tell the House a little about Lord Hoffmann's background, and let us see whether, by the end of that, people still believe that he is the man by whom one should judge whether the European Court is right or wrong.

I shall start with the case of Peter Sutcliffe. His last victim's mother sued the police over the negligence of the investigation that led to her daughter's death, but the House of Lords decided that the police and local authorities could not be sued for negligence in any actions that they took. That principle existed in our courts for 10 years until, eventually, it was challenged, and, believe it or not, it was the European Court in Strasbourg that said, "No, local authorities and public bodies can be responsible and can be sued when there has been a dereliction of duty."

Cases of children who have been abused or not taken into care by local authorities—

Rehman Chishti: Will the hon. Lady give way?

Yasmin Qureshi: No, I will not. I want to finish my speech.

Ben Gummer: Will the hon. Lady give way?

Yasmin Qureshi: I will in a moment.

So, local authorities—

Sir Peter Bottomley (Worthing West) (Con): On a point of order, Mr Deputy Speaker. When I might have tried in the past to go through a history of a Member of the other place, I might have been called to order, so I wonder how much of this background we are going to get.

Yasmin Qureshi *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I have to rule. Please, take your seat.

Sir Peter Bottomley has made a point of order and is absolutely correct. We should not mention another person in another place in that way, so I am sure that the hon. Lady does not need to continue down that line.

Yasmin Qureshi: If I may just finish, I should say that nobody now would think that suing a local authority or a public body over the negligence of their actions was wrong. So, using one person to criticise and castigate the whole European convention is plainly not right.

On prisoners' right to vote, I know that some people say that, because the prisoner has committed the offence, all their rights should be taken away, but does that mean that we should go back 100 or 200 years when hard labour was considered to be the right punishment? I am sure that, in those days, when people said that our penal policies should be much more humane and liberal, just as many people said, "Oh no, these people have committed crimes and therefore should be punished to the hilt." As we did not adhere to those policies then, why are we reacting so strongly to this issue now?

I agree with several Members who have said that, in reality, the number of prisoners who exercise the right will probably be quite small. In my years before becoming a Member, I represented and prosecuted many defendants, and I met many people who became prisoners, so I can say, anecdotally, that most of them are unlikely to vote, but the question is one of principle: what do we as a society and as a nation stand for?

Many years ago, we abolished the death penalty, bar for two offences: high treason and burning Her Majesty's shipyard. A few years ago, a Labour Government abolished the death penalty even for those offences. Why did they do that? We had not issued the death penalty to anyone since the '60s, but we abolished it for those two offences because we felt that as a society in the 21st century that was the right thing to do. A point of principle was involved, and for me the issue of prisoners' rights is a point of principle, too.

The disfranchisement of sentenced prisoners dates back to the Forfeiture Act 1870, and the origins of the ban are rooted in the notion of civic death: a punishment entailing the withdrawal of citizenship rights. But Dr Selby, the former bishop of Her Majesty's prisons, and now the president of the National Council for Independent Monitoring Boards, states:

"Denying convicted prisoners the right to vote serves no purpose"—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Time is up.

2.49 pm

Mr Philip Hollobone (Kettering) (Con): I am not a lawyer, which I think might be helpful in this debate. As we heard earlier, a lot of the lawyers in the Chamber and in Her Majesty's Government are over-complicating this issue, which I believe is quite straightforward. It is the settled view of the British people, through their elected representatives in the British Parliament, that prisoners should not have the right to vote, and it has been that way since 1870. Everyone understands and accepts that—it is one of those issues that, in modern parlance, has cut through. My role here, as an ordinary, humble Back Bencher, is to represent the views of my constituents. My constituents do not want sentenced prisoners to have the right to vote. If I walked down Kettering High street and asked shoppers whether that was a sensible policy, the overwhelming majority would say, "That is absolutely right, and Her Majesty's Government should not be trying to change the law."

[Mr Philip Hollobone]

We were told by Her Majesty's Government not so long ago that they had to agree to the judgment of the Court and that the minimum they could do was to limit this right to prisoners sentenced to four years or less. The consequences of that are absolutely appalling. There are 28,770 prisoners serving sentences of less than four years: 5,900 for violence against the person, 1,753 for sexual offences, 2,500 for robbery, more than 4,000 for burglary, and almost 4,500 for drug offences. My constituents in Kettering do not want those people to have the right to vote.

Mr Dodds: The hon. Gentleman is absolutely right. Would not his constituents and mine be equally outraged at the prospect of all those people having the right to sue or receive compensation?

Mr Hollobone: The legal industry has reached a new low in touting for business among convicted felons whereby lawyers will try to get fees for themselves by prosecuting Her Majesty's Government. That is appalling, and it makes the whole issue even more sickening.

Jeremy Corbyn: What does the hon. Gentleman think are the implications of challenging a European Court of Human Rights decision for all the other human rights that we hold dear and wish to see enacted and enforced in all member countries of the Council of Europe?

Mr Hollobone: The hon. Gentleman takes a perfectly reasonable position. I totally disagree with him, but he is a principled man and he makes an important point. The bottom line for me is that there would be less shame in leaving the European convention on human rights than in giving prisoners the vote. He may disagree with that, but it is the line that I would take. What people do in other countries is up to them.

I would like to stay in the convention, but we are dealing with a court that has gone wrong. It is clearly not functioning properly. It has a backlog of tens of thousands of unresolved cases. Many of its so-called judges have no legal training at all; they are probably less qualified than me to make judgments on these things. How has it come about that we, in a sovereign Parliament, have let these decisions be taken by a kangaroo court in Strasbourg, the judgments of which do not enjoy the respect of our constituents?

Angie Bray (Ealing Central and Acton) (Con): Does my hon. Friend agree that it is extraordinary that we should allow judges in Strasbourg to tell us that voting is not a privilege but a right? Try telling the people who fought so long and hard to get the right to vote in their Governments democratically that it is not a privilege. Privileges can be conferred on those of us who contribute to our communities as law-abiding citizens, but they can also be taken away.

Mr Hollobone: I am most grateful for that very helpful intervention. Those judges in the European Court should reflect on the fact that there would be no human rights in Europe today were it not for the fact that this country stood alone against a tyrannical regime in the second world war. It is only because this country was prepared to take on the might of Nazi Germany that there is a European Court.

We have to decide in the Chamber today whether we are going to draw this line across which the Court shall not pass, and we need from Government Front Benchers some guts and backbone to take it on. I have been very disappointed indeed by the stance of Her Majesty's Government since the general election. I know that they want European issues to go away and do not want to trouble the electorate with them, but frankly, the advice we have been given by Her Majesty's Government has not been good enough. There is no way in which they will get the four-year rule through this Chamber in legislation. In opposition, we were told by the Attorney-General:

"The Government must allow a parliamentary debate which gives MPs the opportunity to insist on retaining our existing practice that convicted prisoners can't vote."

In government, he has not delivered that. The only reason we are having this debate is that it was raised by the Backbench Business Committee. We want our Government to show leadership on this issue, to tell the European Court that it has lost its way, and to defend the settled will of the British people that we will not cave in to this kangaroo court and we will not give sentenced prisoners the vote in this country.

2.55 pm

Jeremy Corbyn (Islington North) (Lab): It is a bit strong to describe the European Court of Human Rights as a kangaroo court. That does not do any credit to the debate in this House or to the argument put by the Member who so described it. As a country, we signed up to the European convention on human rights because we wanted to ensure that basic standards of human rights were available to everyone across Europe. We did so because of the horrors of the second world war and the post-war period. It does no credit to anyone in this House to describe the Court in that way, as it is a derivative of a period in the world's history when we tried to develop a commonality of human rights conditions around the world.

Those who say that our House of Commons is a completely sovereign body and can do whatever it wishes are frankly wrong. Every time a country signs up to a treaty in any sphere of influence or activity, it removes some of its own sovereignty. That is the nature of international law and of signing up to treaties. Let us get real. We are part of the Council of Europe and the European convention on human rights, and that has made a big difference to the lives of an awful lot of people across Europe and in this country. We should approach this issue with a degree of rationality and sense about what is meant by human rights.

I remind the House that, in South Africa, prisoners have had the right to vote since the end of apartheid. It is worth thinking about the words of its constitutional court, because it is a country that has been through the most unbelievable turmoil and some of the worst abuses of human rights experienced in the world:

"The universality of the franchise is important not only for nationhood and democracy. The vote of each and every citizen is a badge of dignity and personhood. Quite literally, it says that everybody counts."

That is an important element. I have no more truck with people who commit violent crime or other crime than any Member. However, is prisoners having the right to vote not part of a rehabilitative process? Does it not encourage them to reflect on what they have done? Is it not a fundamental right that is enshrined in the European convention on human rights? Perhaps we should consider it as a useful step forward for this country.

I have received various lobbying letters on this issue, as I am sure have other Members. I will quote from two sources that I think are valuable. The first is an article by Frances Crook, who has spent her whole life at the Howard League for Penal Reform. She has done a great deal of very good work, as has that organisation, in encouraging a better prison system and better rehabilitation of prisoners. Her article from *The Guardian* online states:

"Voting is one way that people exercise their citizenship and prisoners too are citizens. We infantilise prisoners, treating grown up men inside as if they were small children who are not allowed to decide what they wear, what they do or make any contribution to the running of their lives."

She makes, I think, a very strong case for treating prisoners in a more sophisticated way in order to improve them and their lives.

The other quotation is from Thomas Hammarberg, the Council of Europe human rights commissioner. When he came to speak in this building, many MPs came to listen to him and applauded what he said, the attitude he took to human rights and his determination to ensure that the European convention applied throughout Europe. He has said:

"Our forefathers accepted the principle that not only male persons, nobles, and those who owned property or paid taxes should have the right to vote, but everyone—irrespective of their status in society. We may now feel that some of these right-holders do not deserve this possibility, but to exclude them is to undermine a crucial dimension of the very concept of democracy—and human rights."

I urge the House to think carefully about the matter and not to walk away from an important step forward in international law and human rights. We would do so at our peril.

3 pm

Mr David Ruffley (Bury St Edmunds) (Con): The right to life; the right to freedom of expression; the right to assembly; the right not to be tortured; the right not to be treated inhumanely—all English rights for which generations have fought against both tyrants at home and foes abroad. No one in this country, past, present or, I trust, future, has ever voted for prisoners' right to vote. No one has ever voted for article 3 of protocol 1 of the European convention on human rights or the judgment in the Hirst case on giving prisoners that right.

If that so-called right is passed into English law, I believe it will have a profoundly damaging effect on public confidence in the English judicial system, which is meant to be in tune and in sympathy with the instincts of the British people, not an affront to those instincts. If the law is passed, the public will say that giving prisoners the right to vote is nonsense. They will say that the law is an ass, and an ass it is when it so flagrantly and brazenly violates the principles of rationality, decency, fairness and common sense.

It is completely unacceptable to my constituents, and I am sure to the constituents of all Members here today, that a criminal who has violated law to such an extent that he or she is incarcerated and has their freedom withdrawn for a period of time should be given the right to vote in a democratic election. It would give the British public the impression that the system has more respect for the criminal than for the sensitivities and interests of the victim, which are far too often overlooked. That is what the public think, and it is what I think. It would also give the impression of a Parliament out of touch at best, and at worst the poodle of a European court. I do not consider that defensible.

My hon. Friend the Member for North Dorset (Mr Walter), who is no longer in his place, said that no one elects judges. That is true, but at least in the case of English judges, British public opinion can be, and often is, brought to bear on them when they take decisions that are completely out of tune with it. Take the case of Lord Denning, who in effect was told to resign and retire early when he made what were judged inappropriate comments. Pressure is brought to bear on British judges. *[Interruption.]* If the right hon. Member for Bermondsey and Old Southwark (Simon Hughes) wants to intervene, he can do so. Is he saying that British public opinion does not weigh on British judges?

Simon Hughes: I cannot remember the exact details, but to my recollection, Lord Denning served as a judge in the highest courts of the land until he was over 80. He was one of the best-regarded judges of the last century, particularly because he was a judge in tune with the common person, not distant from him.

Mr Ruffley: The right hon. Gentleman really does not know his history. If he reads the Denning autobiography, he will discover that Lord Denning was forced out early because he said that the composition of jury trials in south London led to perverse judgments.

Simon Hughes *indicated dissent.*

Mr Ruffley: There is no point in the right hon. Gentleman shaking his head—he should read the history. I am sure the right hon. Member for Blackburn (Mr Straw) agrees with me.

The fact is that European judges have no accountability to the British public in the way that English judges do, and nor do Strasbourg judges have any accountability to the House. I suggest that the Strasbourg Court is the difficulty. Lord Hoffmann—a liberal by any definition—said something very important on that. He said:

"In practice, the Court has not taken the doctrine of the margin of appreciation nearly far enough. It has been unable to resist the temptation to aggrandise its jurisdiction and to impose uniform rules on Member States. It considers itself the equivalent of the Supreme Court of the United States, laying down a federal law of Europe."

He concluded, and I agree:

"The problem is the Court; and the right of individual petition, which enables the Court to intervene in the details and nuances of the domestic laws of Member States."

In November, I asked the Justice Secretary about the possibility of withdrawing from the European convention on human rights, so that we do not repeat these ridiculous exercises in which we are asked, for example, to consider

[Mr Ruffley]

whether prisoners should have the right to vote. He responded by saying that a proposal to withdraw was not in the coalition agreement—it was settled Conservative party policy for most of the previous Parliament to withdraw from the convention—but he also promised me that a commission would consider drawing up a Bill of Rights and the thorny question of the convention.

I should therefore like to ask the Attorney-General a specific question. Will he give an undertaking that the commission referred to in the coalition agreement will be set up by the end of this year? Will he consider reforms—if not full withdrawal from the convention—to the Court to improve its personnel and the competence of its judges, which is seriously in question? Will such reforms ensure that those judges are told to give wider discretion to English courts when decisions are made on matters affecting English people?

3.7 pm

Steve McCabe (Birmingham, Selly Oak) (Lab): May I first apologise for missing the start of the debate? I was serving on a Public Bill Committee upstairs.

I am not a lawyer. I am just a humble Back Bencher doing his best to represent his constituents in the place where, as I understood it, our laws are determined. I should say at the outset that I am not opposed the human rights agenda or against the Human Rights Act 1998, and I have no desire for us to withdraw from the European convention on human rights. However, I am not at all convinced that the Court in Strasbourg has the authority to intervene in the way that it is seeking to intervene in this matter. I doubt very much that that is what people intended, or thought we were signing up to, when we originally associated ourselves with the convention.

The convention was born as a result of terrible events in Europe in which real human rights issues came to the fore, and we were trying to create fundamental safeguards, such as the right to life, freedom from torture and the right to express one's opinions. Those are different rights from prisoners' right to vote, and it does the former a disservice to associate the two things and to talk about them as if they are the same.

Like one or two other hon. Members, I received a communication from the director of the Prison Reform Trust, who is quite rightly seeking to advance her view. She said in that communication that quite a lot of people who are in favour of rights for prisoners had contacted her, including a number of prison governors. Not a lot of people contacted me to argue for rights for prisoners, but I undertook a consultation in my constituency. Most of those who responded opposed the proposal to give prisoners such rights.

Mr Dodds *rose—*

Heather Wheeler (South Derbyshire) (Con) *rose—*

Steve McCabe: I am spoilt for choice. I give way to the hon. Lady.

Heather Wheeler: I am sure that in his many years in the House, the hon. Gentleman has visited prisons, so is he surprised to hear that when I visited a prison in South Derbyshire, I was asked by not one inmate whether I could please give them the vote?

Steve McCabe: No, I am not surprised to hear that. I do not think that a prisoner has ever contacted me to ask for the right to vote. Like others have said, I think that prison should be there to safeguard the public, that those who go to prison should lose freedoms as a punishment, and that there should be an opportunity for reform.

I want to talk about the people who work in prisons. I do not know whether it is true that prison governors have been contacting the director of the Prison Reform Trust and urging this on her. However, we all need to recognise that there is a problem in our prisons. For me, the people who work in prisons would be better off concentrating on some of the basics. When they have the chance, they should do something about the number of prisoners who cannot read and write, and they should work with people who need help with personal and social skills, and those who could develop some training or work skills. Furthermore, it is utterly absurd that someone can enter prison and have easier access to drugs than on the outside. My advice to people who work in prisons is to associate themselves with those issues and get them right, and if, while doing that, they want to put in place citizenship courses that might include helping people to understand how to vote and participate, I would be in favour of that as well.

As the hon. Member for Bury St Edmunds (Mr Ruffley) indicated, the problem is that the public believe that people such as Mr Hirst are having a laugh at us, which is why they are opposed to this. I do not know where the evidence is—I have not seen any, although I am not saying that it exists—that these prisoners, when they were on the outside and had the opportunity to vote actually exercised that right. I am not clear, therefore, that in the majority of cases it is a right of which they are being deprived. I am one of those who struggle with the idea of police and crime commissioners being elected. I find that slightly absurd.

Someone said earlier that prisoners would be registered at their home addresses. That may be the case, and I hope that it is true, because I think that there is research showing that at least six seats in this Parliament could have changed hands if prisoners had been registered at a prison address. What would happen if they were not on the electoral register at their home address before they went into prison? Again, I have doubts about whether that is the right way forward.

Finally, I want to touch on the issue of compensation. I am sorry that we are not going to vote on the amendment tabled by the hon. Member for St Albans (Mrs Main).

Mr Tom Harris (Glasgow South) (Lab): My hon. Friend might like to know about the revelation in this morning's papers that the odious individual referred to in the debate—Mr Hirst—has seen the light and become a member of the Liberal Democrats.

Steve McCabe: Well, it is Liberal Democrat policy to give votes to prisoners, so I suppose that that makes a certain sort of sense.

We have to make it clear that we are not prepared to allow compensation. However, if these people do manage, with the help of all these wonderful lawyers, to claim compensation, would it be beyond the wit of the House to help their victims and families to claim part of that new-found wealth as part of the compensation

for the distress that they have suffered? That would be a much better use of our time, the courts' time and taxpayers' money.

3.14 pm

Tom Brake (Carshalton and Wallington) (LD): This afternoon, I feared cutting a rather lonely figure when standing up to argue that we should allow more prisoners to vote. I welcome, therefore, the support of the hon. Members for Islington North (Jeremy Corbyn) and for Belfast East (Naomi Long), the right hon. Member for Rotherham (Mr MacShane), who opened the batting for those supporting voting rights for prisoners, and the hon. Member for Bolton South East (Yasmin Qureshi).

I am arguing in favour of allowing more prisoners to vote, and the purpose of the intervention that I made on the spokesman for the official Opposition, the hon. Member for Rhondda (Chris Bryant), was to highlight the fact that a number of prisoners already do have the right to vote. People who are presenting this as a black-and-white issue, or a new departure, where, for the first time, prisoners are to be given the right to vote, are misleading the public, because we know that a group of prisoners already have the right to vote.

The case that I am making is based on two simple principles. The first is that when the European Court of Human Rights finds that UK law contravenes the European convention on human rights—in other words, that UK law is unlawful—the UK Government should address that illegality. Once we start picking and choosing the laws that we believe should apply and those that we can disregard—the pick-and-mix approach, as the Attorney-General put it—where does it end? The Americans know where it ends: in Guantanamo Bay and Abu Ghraib.

Even if the ruling makes some feel uncomfortable, what about the other rulings that the Court has made? A couple of Members have referred to those, including in the case of S and Marper, in relation to DNA, and the case of Z and others, in relation to child neglect. I would also mention the case of Al-Saadoon and Mufdhi *v.* the UK Government in March 2010, when our Government were criticised for failing to obtain assurances from the Iraqi authorities that those men would not face the death penalty there.

Jeremy Corbyn: The hon. Gentleman is right about where we would end up with a pick-and-mix solution. I am sure that he is also aware that the case of the Chagos islanders is coming before the ECHR this summer. A decision will come out, and whatever it is, we hope that the Government accept it. If we go down the other road, everything would be open for debate every time there is a Court decision.

Tom Brake: I thank the hon. Gentleman for that intervention. He has put on record what I know to be his long-standing interest in the Chagos islands, and I hope that a positive outcome will be secured there.

The second reason why I am speaking in favour of more prisoners being given the right to vote is that it is the appropriate course of action. Prisoners have committed a crime. Their punishment is to lose their liberty. That is fair and just. What is then gained by seeking to inflict civil death on them? In what way does that benefit the victim? Does it increase the chances of rehabilitation? What is the logic behind the ban? We do not remove prisoners' access to health care, nor do we stop them practising their religion, so why should we impose a blanket ban on prisoners' right to vote? Surely we have moved on from the Victorian notion of civil death.

Simon Hughes: Nor do we prevent prisoners from continuing to have obligations outside—for example, in relation to any assets they own or income they receive, on which they have to pay taxes. All the countries where prisoners are allowed the vote have the additional advantage that people seeking election have to go into prisons and understand life from the inside, rather than commenting only from the outside.

Tom Brake: I am sure that my right hon. Friend and many others here have engaged with prisoners, and that he will have found, as I have, that there is a great degree of interest in what is happening outside the prison walls. It is therefore entirely appropriate that we should seek that engagement.

Mr Lilley: I am grateful to my hon. Friend for giving way. The answer to his question about why we take away the vote is that one forfeits the right to help to make the law when one breaks the law.

Tom Brake: I thank the right hon. Gentleman for that intervention, but that is a matter on which we will have to disagree.

Prison serves to protect and punish, but also to rehabilitate. Release from prison is not the point at which prisoners should re-engage with society. We should be encouraging prisoners to re-engage with society while they are still in prison. The way we treat victims says a lot about the society that we strive to be, but the way we treat prisoners also says a lot about the society that we strive to be. I do not want to shut the door on those prisoners who are ready and willing to re-engage with society and sign up to the tenets that underpin it. Anyone who has visited a prison will know that some prisoners are indeed seeking that engagement.

We have heard a lot said about public opinion and the views of constituents in this debate. The right hon. Member for Blackburn (Mr Straw) said in his article today that the "vast majority" of his constituents

"feel strongly about prisoners' votes,"

and that in 32 years as an MP he had never had a letter from a prisoner seeking the right to vote. Can he recall whether he has ever had a letter from a constituent asking for the right to vote to be taken away from prisoners who already have it? I suspect that the answer would be that he has not.

I visited a group of year 11 pupils in a school yesterday. I started the question and answer session with the topic of the right of prisoners to vote. I expected the Q and A to turn quickly to the subject of tuition fees, but it did not. At the end of a full and frank debate, about 50% of the pupils supported the Government's proposals, and only about a third thought that no prisoners should have the right to vote.

Mr Straw: The difference between the people in prison who can vote and those who cannot is very clear and, self-evidently, justified. Prisoners who have not been

[Mr Straw]

convicted or sentenced to a term of imprisonment are able to continue to vote. No one would argue with that, because those people have not gone beyond the bar at which they would be unable to vote, so I do not understand the hon. Gentleman's point.

Tom Brake: The right hon. Gentleman will know that civil prisoners are also entitled to vote, and have been throughout the process.

Other organisations support the change. As we have heard, the Prison Governors Association supports it. Interestingly, Victim Support, whose representatives I met a couple of weeks ago, is also of the view that prisoners should have the right to vote. I hope that Members will take that on board. I acknowledge that the Government are between a rock and a hard place, and they have not been helped by the quality of the judgments. They are having to clear up yet another mess left by the previous Government, who sat on the issue for six years and achieved precisely nothing during that time. It is now time for this Government to bite the bullet and do the right thing.

3.22 pm

Kate Green (Stretford and Urmston) (Lab): It is a little unnerving to find myself disagreeing with so many right hon. and hon. Members and with a substantial proportion of public opinion, but I firmly believe that we must rescind the ban on a prisoner's right to vote. I have listened to the arguments on the law and the role of the European Court. It has been suggested that the Court is extending its brief and seeking to prevail over the will of this Parliament and stretch the ambit of the convention beyond the fundamental human rights that it was originally set up to address. I see this in a rather different context—namely, as an opportunity to maintain and extend our understanding of human rights over time. There has never been a time when much of the popular will has been directed towards driving up protections and rights for prisoners. That is why it is important that the Court and our belonging to the convention should exert outside pressure to challenge us to go further in the name of social progress.

It has been argued that our standards are already among the highest, and in some respects they are, although not in respect of a prisoner's right to vote. In many other countries, that right is extended either wholesale or on a more generous basis than it is here in the UK. It is absolutely right that we should aspire to the very highest standards in the rights that we afford people. The philosophical importance of convention rights is that they extend protection to minorities, even the undesirable ones that we do not like very much. We unpick and undermine those protections at great risk.

Mr Stewart Jackson (Peterborough) (Con): Does the hon. Lady agree that the House should be able to make a value judgment between a civic right and a human right? Human rights include the right to food, shelter and family life, whereas civic rights include the right to vote. There is a distinction between the two, and surely we can make a value judgment on behalf of our constituents and exercise our right to say that one is not the same as the other.

Kate Green: My point is that this external pressure is useful, as it repeatedly questions what our understanding of human rights should be. It is too easy for us to get locked into a narrow definition and understanding of those rights that constantly looks to the past. That is what will happen if we simply sit within our own jurisdictional context and fail to look at what is going on in the wider world.

It has also been suggested that the European Court is making some poor-quality decisions. Questions have been raised about the qualifications of some of the judges and their weakness. Points have also been raised about different sentencing systems in different convention countries. Although I absolutely accept that all of that is true, it should not provide a reason on its own to weaken the overall authority of the convention and the institutions in place to police it. The convention may well not be a perfect framework, but as things stand, it offers one of the best protections of human rights that we have.

I strongly agree with the Attorney-General and the hon. Member for Carshalton and Wallington (Tom Brake) that the convention will be weakened if we start to pick and choose which bits of the Court's findings we like or dislike. How can we expect other countries not to pick and choose if we start to do so ourselves? How can we expect prisoners not to pick and choose which laws they do or do not agree with if we do not seek to follow the rule of law?

Several hon. Members *rose—*

Kate Green: I am running short of time and I know many other Members wish to speak.

It is important to reflect on how to determine the balance when it comes to extending civil rights to those who disregard the laws of the land. That is a valid question which Members have raised. However, when it comes to setting sanctions in our criminal courts, I would start with the sentencing framework, the approach to sentencing and the identification of sentencing objectives that we already have in place in our criminal justice system. Sentencing should be proportionate and relevant; it is not clear that in all cases removing the right to vote would necessarily apply to all crimes.

It is true, as some hon. Members have suggested, that removing the right to vote might address sentencing goals such as punishment and possibly even deterrence, but what about the goals of rehabilitation and reintegrating prisoners into society, as others have mentioned? On that note, let us remember that so many people in our prisons are among the most marginalised and excluded in society before they go to prison, and they are often the most poorly educated, as has rightly been pointed out. I ask the Government to take the opportunity to develop good-quality programmes of prison education to address the range of factors that determine and drive social exclusion. Will Ministers identify how their thinking is developing about providing programmes to address the role and responsibilities of the citizen, as exercising the right to vote could become part of the rehabilitative process?

As I say, I am aware that these are not popular arguments—either in this House or perhaps beyond it—but I believe that there are strong arguments against the current ban. My starting point would be to have a

right to vote across the piece, but to allow judges to determine where it would be appropriate to remove it and then to justify their decision in open court.

3.28 pm

Rehman Chishti (Gillingham and Rainham) (Con): I start my comments in light of the doctrine of the supremacy of Parliament, as set out in Hood Phillips's "Constitutional and Administrative Law". As paragraph 3.13 clearly states:

> "The legislative supremacy of Parliament means that Parliament (The Queen, Lords and Commons in Parliament assembled) can pass law on any topic affecting any persons, and that there are no fundamental laws which Parliament cannot amend or repeal."

Secondly, all our main legal authorities —from Dicey to Coke and Blackstone— assert that Parliament has the right to make or unmake any law whatsoever. Thirdly, no person or body is recognised by the law of England as having the right to override or set aside the legislation of Parliament.

In that light, if the House were to vote to confirm the current legislative provision that prisoners should not have the right to vote, that must surely be respected. Once a document is recognised as an Act of Parliament, no English court can refuse to obey it or question its validity. That is our common law, as established in the case of Manuel v. Attorney-General of 1983. The courts of our land must therefore respect the wishes of Parliament.

Schedule 3 to the Representation of the People Act 1983, as amended by the Representation of the People Act 1985, makes it quite clear that someone convicted and sentenced to imprisonment loses the capacity to vote.

Gareth Johnson (Dartford) (Con): Does my hon. Friend agree that no one is being forced to forfeit their vote? Criminals choose to forfeit their votes when they decide to break the law. All that people need do in order to retain their votes is comply with the law.

Rehman Chishti: My hon. Friend has highlighted the fundamental point that people have rights and responsibilities.

Successive Governments have made it plain that when people are convicted and sentenced to imprisonment, they lose the moral authority to vote. In 2003, Baroness Scotland of Asthal clearly stated that those who were convicted and imprisoned would lose that moral authority. The earlier legislation was right then as this legislation is now, and we should respect that.

Parliament's supremacy has been challenged by the European Court of Human Rights. That cannot be right. It cannot be right for judges from developing judiciaries in eastern European countries to challenge the supremacy of our Parliament and our judiciary.

It is ethically and morally wrong to allow prisoners the right to vote. The concept that those who commit a crime must pay the price with their liberty and the withdrawal of certain rights must be correct.

3.31 pm

Mr Tom Harris (Glasgow South) (Lab): I apologise to you, Madam Deputy Speaker, and to the House for my earlier absence and for missing the opening statements. I was making my way back on the Eurostar from Brussels.

Chris Bryant: Not Strasbourg?

Mr Harris: No, Brussels.

Let me begin with as much of a mea culpa as a humble Back Bencher can offer for the previous Government. It has been said on a number of occasions that Labour should have dealt with this issue over the past six years, and I think that there is some merit and validity in that criticism. However, there may also be some merit in the political strategy of kicking something into the long grass for as long as possible, which seems to have been about the only strategy that the Labour Government had.

Chris Bryant: It was a very good strategy.

Mr Harris: Certainly it was the only strategy that was discussed. I therefore do not want to encourage my colleagues to criticise the Government for the position in which they now find themselves.

I was disappointed that the hon. Member for Carshalton and Wallington (Tom Brake) referred to Guantanamo Bay and Abu Ghraib in connection with prisoners' rights. It does not promote calm and sensible debate to suggest that reinforcing a legal position that this country has enjoyed for hundreds of years puts us on the road to destroying all civil liberties for all prisoners. That is absolutely not what is at stake.

There are two separate issues. Let me deal first with the principle, which relates to public confidence. I cannot bring myself to try to tell my constituents that the legal and penal systems are on their side when we are bending over backwards to give an additional right to people who have of their own free will chosen to commit an imprisonable offence, and have thereby chosen to give up the right to vote. So often we hear our constituents complain that the legal system is on the side of the offender rather than the victim. Whether there is a lot of truth or a little truth in that does not matter as much as the fact that people will perceive in this debate a further chipping away of what they consider to be our standards in relation to supporting the victim and the law-abiding citizen and not supporting the criminal.

Mr Dodds: The hon. Gentleman is absolutely right. Would not implementing the European Court's decision also reinforce the disconnection between ordinary citizens—ordinary people—and Parliament and politics generally? People already believe that we are out of touch to a great extent, and implementing the Court's decision would cement that view.

Mr Harris: I agree with the hon. Gentleman. I am sure that had it not been for the judgment in Europe, the House could have found something more important to discuss this afternoon, although I accept that we must put the issue to bed one way or another.

I believe that it is simply wrong to offer votes to people who have chosen to commit an imprisonable offence. The only upside for those of us sitting on these green Benches is that if they do get the vote at least when we go and canvass them they will almost certainly be in. The argument that giving prisoners the vote will help their rehabilitation is stretching the point to breaking point. Does anyone actually believe that someone sitting in a prison cell who is desperate to get out again will improve their behaviour and do everything that needs

[Mr Tom Harris]

to be done to lead a respectable life simply on the basis that they are to have the opportunity to vote in council elections next May? That simply does not make any sense. I suspect that there is not a single person currently incarcerated in this country whose rehabilitation will be affected one way or the other by being given the vote.

Lorely Burt *rose—*

Mr Harris: I am not going to give way.

I am not a lawyer, so much of the process here is beyond me. However, there have been occasions when British judges sitting in British courts have made interpretations of the Human Rights Act 1998, and sometimes they have made bad interpretations and we have had no choice but to go along with that. That is different from what is happening now. A decision has been made in a court in a foreign land, and it would be wrong for this House to bend over backwards and give way to that judgment without putting up a fight.

We have the right to represent our constituents' views. We also have the right to make a stand on a point of principle. I accept that the law may ultimately go against the opinion of the vast majority of the House on this, and we may have no choice but—God help us—to pay compensation to prisoners as well as allowing them the vote. From what I hear, that may well happen and I accept that, but it would be wrong of us to concede a point of principle because people are threatening to sue. We cannot allow law to be made on that basis.

Regardless of where the barrier is set—at one year, or four years—many people will get the vote who do not have the vote at present. If they think they can claim compensation, let us ask the courts this question: is it right to give compensation to a prisoner who, when he was imprisoned, had not bothered to register to vote? Surely if at that point he had no intention of voting, he has not been deprived of the right to vote because he chose to deprive himself of that right before he went into prison by not registering to vote, and therefore he does not deserve a penny in compensation.

3.37 pm

Tony Baldry (Banbury) (Con): The last Labour Government spent five years dithering over this issue. They did nothing. As with so much else, the Labour party left it to the incoming coalition Government to sort out the mess. Therefore, the one thing on which we can all be agreed is that this is an issue on which we need to take no lessons from those on the Opposition Benches. They had five years to sort out this problem while in government and simply failed to do anything.

The European Court of Human Rights has not said that we have an obligation to give every prisoner the vote. What the ECHR did find was that a blanket ban was not proportionate, that

"the principle of proportionality requires a discernible and sufficient link between the sanction and the conduct and circumstances of the individual concerned"

and that

"in sentencing the criminal courts in England and Wales made no reference to disenfranchisement and it was not apparent that there was any direct link between the facts of any individual case and the removal of the right to vote."

I think we should seek to address those issues. It would be wrong simply to put two fingers up to the Court because we did not like the implications of its judgment.

There is a perfectly straightforward way forward that deals with the ECHR points and meets the collective view of this House that prisoners should lose the right to vote while in detention, because it has always been agreed that if one commits a serious crime, one should lose the right to have a say in how one is governed. The way forward lies in the ECHR's judgment in Hirst, but it also lies in the ECHR's judgments in cases involving other European countries: Frodl v. Austria and Scoppola v. Italy, the No. 3 case. In Frodl, the Court said that

"the sanction of disenfranchisement...should preferably be imposed not by operation of a law but by the decision of a judge following judicial proceedings".

In Scoppola, the Court held

"that a decision on disenfranchisement should be taken by a court and should be duly reasoned."

When a judge sentences an individual to prison the court has to make a number of decisions: on the length of imprisonment; on whether terms for individual offences should run concurrently or consecutively; and on whether part of the sentence should be suspended. Depending on the exact nature of the offence, the court will also have to put its mind to a number of other possible consequential orders.

I see no reason why a judge should not inform the defendant when sentencing that, in addition to their term of imprisonment and as a consequence of their conduct, they would, as part of their punishment, be disfranchised in regional, national and European elections for a specific period of time. As with every other aspect of sentencing, one would expect the Lord Chief Justice, senior judges and the Supreme Court to issue sentencing guidelines. Crown Court judges and magistrates are given sentencing guidelines on every other aspect of sentencing, so I see no reason why it should not be possible to devise effective sentencing guidelines on disfranchisement that start from the general premise that those who go to prison will lose the vote while they are in prison.

Chris Bryant: I am sorry to stop the hon. Gentleman's drift, but one of the problems with that argument is that many of us disagree with judges deciding who gets to vote or does not get to vote. There is another problem, because if we go over to a system where the judges decide, every current prisoner would be granted the vote.

Tony Baldry: I listened to the hon. Gentleman's speech. He raised lots of problems but gave no solutions. This is an exercise in finding what might be a solution. Sentencing guidelines are effective ways of informing judges and telling them what they should do. As we have heard, the English courts have been pretty robust on this issue, so I see no reason why on devising sentencing guidelines we could not put our trust in the English judges to get it right when advising Crown Court judges and others how they should approach the issue of disfranchisement. It would of course be possible for defence counsel at the time of sentencing to make representations on this aspect of a court's potential sentencing powers, as with any other aspect, and for the defendant to be heard before sentence was passed. Not only would it be made

very clear that there was a link between the facts of the case and the removal of the right to vote, but the courts would very publicly be making it clear that, so far as the UK is concerned, those whose criminal conduct is such that it results in their having been sentenced to an immediate term of imprisonment also risk losing certain rights of citizenship, including the right to vote.

I appreciate that for many hon. Members this debacle appears to be a convenient opportunity to put two fingers up to Europe, two fingers up to human rights and two fingers up to the judges. I simply note that the motion includes the words

"acknowledges the treaty obligations of the UK".

The motion, in rightly acknowledging our treaty obligation but arguing for the retention of a blanket ban, puts the House in the same position that the previous Government put themselves in. That resulted in the Joint Committee on Human Rights observing:

"It is also a matter for regret that the Government should seek views on retaining the current blanket ban, thereby raising expectations that this could be achieved, when in fact, this is the one option explicitly ruled out by the European Court."

Time prevents me from arguing why this House should seek to support human rights, so I simply conclude by saying that increasing judicial review will be a feature of our lives. If this House collectively started to pick and choose which decisions of the Supreme Court we supported and which decisions of the judges we did not support, that would be a very unsatisfactory way forward. What we need to do is not only acknowledge our treaty obligations, but meet them, and we need to do so in a way that meets the concerns of everyone in this House, from the Prime Minister downwards, about having to give the vote to those in prison.

3.44 pm

Mr Peter Lilley (Hitchin and Harpenden) (Con): As I read the judgments in the cases of Hirst, and Greens and M.T., I was struck by the supreme irony of what the European Court of Human Rights was proposing. The judges in that Court clearly surpass even the Red Queen in "Alice's Adventures in Wonderland" in their ability to believe two impossible things before breakfast. On the one hand, they say that the right to influence the laws under which we live by helping to choose the people who make those laws is so important that even criminals should retain it. On the other hand, they say that even the law-abiding people of this country have no right of last resort to decide the laws of their country if they are overridden by the decisions of the European Court of Human Rights. One can believe one or other of those views, but one cannot uphold both views consistently at the same time.

How did we get into this pickle? As we have heard, after the war Lord Kilmuir codified what were seen to be British liberties and rights in the presumption that two things would follow, the first being that enshrining them in the European convention on human rights would bring the advantage of British liberties to

"lesser breeds without the law",

as Kipling had it. Secondly, it was assumed that the convention would have no effect on the people of this country because it enshrined the laws and liberties that we already had so there would be no need to change them. It was assumed that whereas the European Court could overrule courts in other countries with judiciaries who did not have experience in human rights or who were open to intimidation or bribery, we did not have that problem so there would never be any conflict between our courts or laws and the Court.

As we know, things have not worked out like that. In becoming a signatory to the convention, we did not just enshrine and encode the liberties that we had, we changed the way in which, and the basis on which, laws were made, and we changed the people who made them. British liberties evolved through Parliament making laws and the courts elaborating on and clarifying them, as well as through common law, but they were always subject to Parliament being able to have the last word and to make the law if it did not agree with what the courts had done. Our liberties did not result from giving courts the right to explicate an abstract list of rights. They were not given a right to strike down, invent or rewrite laws, but that is what we did, without realising it, when we signed up to the convention after the war—and that is what the European Court of Human Rights is empowered to do.

Rights are not absolute. One right must always be balanced against another. The rights to free speech and free expression must be balanced against the right to privacy or the right to our reputation under the laws of libel. That balance, reconciliation and limiting of extremes is essentially a political matter and it has always, in the last resort, been made by a political body—Parliament. We have done that reconciliation if it needed to be done, but it is no longer up to us—we are no longer allowed to do so. Instead, that power to make a political judgment rests with courts, which are not elected and which lack political skills or sensitivities. That is wrong, and that is why the long-term solution is for us to leave the treaty on the European Court, to entrench the convention rights in our law and to leave our courts to interpret them with Parliament having the ultimate right to disagree, as it does, if it wants to.

I have a question for Government Front Benchers. On what basis are we told that we have to sign up to the Court's judgment in the short term because we will face a huge damages claim if we do not? In all the judgments I have read, the Court has explicitly refused to award damages. It has said that the ruling was sufficient justification in itself and that the prisoners did not need any damages. It considered whether exemplary and punitive damages should be imposed, not so much because the prisoners merited it but to force us to concede, and it concluded that it should not do so. The practice direction that goes to the Court says that it considers it

"inappropriate to accept claims for damages with labels such as"—

Madam Deputy Speaker (Dawn Primarolo): Order. I call Claire Perry.

3.49 pm

Claire Perry (Devizes) (Con): Thank you, Madam Deputy Speaker. I did not expect to be called so soon.

I am of course not a lawyer, so I speak, I hope, the language of common sense. I share the concern of my hon. Friend the Member for Meon Valley (George Hollingbery) that the motion conflates two complicated and quite separate issues. One is the question of the

[Claire Perry]

encroachment of the European Court of Human Rights into matters of British sovereignty and the other is the much more relevant and thorny question of whether any category of prisoner should ever be given the right to vote.

I confess that in preparing for this speech, I was rather torn. I spoke strongly against the first part of the motion about 15 days ago at the Council of Europe in Strasbourg, and the reaction was like sitting on a whoopee cushion in church. Apparently, the Court has never been criticised on the Floor of the Council. It is simply not done. So to stand up and say that we think the Court is encroaching on matters that should properly be taken as part of sovereign concerns was considered to be a small international incident. I was rather proud of that.

However, the point that I made then, and the point I would make today, is that I think there is a real concern—I say this as a non-lawyer—that the Court is encroaching into areas that are not part of its mandate. As we have heard so eloquently expressed today, the Court was set up in 1948 by Churchill and others to guarantee that there would never be another genocide in Europe. We seem to have gone from that to interpretations of the protocol. That protocol on voting is not about prisoner voting but the right to free and fair elections, which can be seen as completely different. So there has been real mission creep. Of course, the award of compensation of €23,000 to a convicted axe murderer suggests to my constituents that the Court has not only had mission creep but is in danger of becoming completely unhinged.

I am a passionate supporter of our rehabilitation agenda. I think it right and proper that we spend Government time and money on breaking the cycle of reoffending in which 65% of prisoners come out of prison and are re-incarcerated within two years, and I can see reasons to make the privilege of voting part of the rehabilitation package. That is not just my view. I have a category C prison in my constituency—Erlestoke prison. My very first political outing was a hustings at the prison, organised by the prisoners, where candidates were quizzed on this very issue. Everybody said, "It is an absolute right. You must have it. It is a human right." I said, "I don't think so. Perhaps this is something that could be part of your rehabilitation—potentially something that is awarded within six months of release." Guess what? The prisoners agreed. They thought that was right and proper, and nobody stood up and demanded their right to vote. By the way, that is also the view of the governor of the prison—that it should be awarded, potentially on release, to certain categories of prisoners.

However, I have great sympathy for the viewpoint advanced by my hon. Friend the Member for Banbury (Tony Baldry). I think these are matters for British judges in British courts. I cannot see why, as has been done for years in France and Germany, these cannot be part of the sentencing decision, or perhaps of the parole decision. That would be a very sensible step forward.

Despite my concerns about the wording of the motion, I think I am going to vote for it, for the following reason. It is important that the House sends a strong political message to the Court. If the Court has never been criticised in the Council, perhaps there has never been a parliamentary vote that pushes back on its particular proposals. *[Interruption.]* The hon. Member for Rhondda (Chris Bryant) says it has been done; I am not aware of it. It is important for us to stand up and say, "Enough is enough. You are crossing boundaries and we need to take proposals forward."

In summary, I suggest to the Government that those proposals should look hard at the idea of the British judiciary making decisions about British prisoners. That, I believe, is the recommendation in the very sound report by the Political and Constitutional Reform Committee. The question of compensation seems insane. If we are forced to pay compensation to any prisoners who have been awarded these decisions up until now, I would ask that some, if not all, of it be paid to the victims' compensation funds or put into the rehabilitation space.

Last but not least, can we please consider the words of Rob Owen, the head of the St Giles Trust, a social organisation which Members on both sides of the House think is doing incredible work? He said to me today that this whole debate is

"a distraction, and…a drain on"

extremely limited justice

"resources that could be far better used"

to

"dramatically reduce reoffending…saving taxpayers millions of pounds and creating thousands"

fewer

"victims of crime."

3.54 pm

Simon Reevell (Dewsbury) (Con): I am pleased that this has not just been an in or out of the European Court of Human Rights debate, because many from all walks of life turn to that Court, whether they are concerned about the DNA database or hunting legislation. Who would criticise Gary McKinnon for taking his case there in the face of the Extradition Act 2003? Who, as a matter of principle, would not cast an eye to Strasbourg if a high-speed train route was being put through their constituency? But if it is not in or out, is it much better to talk about pick and choose? Is it really suggested that we can welcome rulings that we like, and simply ignore those that we do not?

Would we dream of taking that course if it were the House of Lords as was that had found in Hirst's favour, and we were talking about a House of Lords judgment? Or in those circumstances, would the mood be that the Government should get themselves to Strasbourg and try to use the ECHR to overcome that ruling? Do we really suggest that some rights should be regulated by legislation in Parliament, over which there should be no prospect of review in the courts? If so, might we pause and wonder what would be on the list alongside prisoner votes? What if control orders, as were, came back and went on the list? What about challenges to the Extradition Act? I do not believe that prisoners should be allowed to vote, but I am more concerned about the rule of law, because we cannot be law-makers and law-breakers.

Cases such as the Hirst ruling catch the eye, but so do decisions of the UK courts, and there have been too many instances where the ECHR jurisdiction has been necessary. A trip to Sandhurst and the view of the officer cadets on the subject of prisoners' votes was mentioned. We used to have a system of justice that

basically followed the principle of military justice of "March in the guilty man." We had that system until a man called Findlay, a member of the armed forces, having been turned down by every court in the United Kingdom, went to Strasbourg and won his case. As a result of that, the military justice system was completely overhauled and the previous Government brought in the Armed Forces Act 2006, which, just a few weeks ago, we all ratified so that it continues. Were it not for the ECHR, that system simply would not have changed.

I do not like the Hirst ruling, but I like less the fact that it was ignored for more than five years. On balance, I like even less the idea of picking and choosing when it comes to this nation's legal obligations.

Andrew Bridgen: Is not the crux of the argument that by supporting the motion this afternoon, we are not seeking to extend the powers of this Parliament but resisting the extension of the powers of the Strasbourg court, an unelected European body that has little respect for or makes little acknowledgment of the great and enviable democratic history of this place?

Simon Reevell: I used the phrase "pick and choose", but it comes to the same thing.

We are entitled to moderate and we should, but we should do that within the rule of law. It is clear that four years is not appropriate, because that would see people convicted of serious crimes of violence, serious sexual offences, perhaps even including the offence of rape, and offences of drug distribution being included. We should not allow judges discretion, not because we do not trust them, but because we must have a robust system that will stand a challenge, and doing it in court on guidelines on a case-by-case basis weakens our position.

We should look at the duration of detention, not just the length of sentence. In fact, Mr Hirst, who pleaded guilty to manslaughter and whose plea was accepted because he had mental health problems, had served his tariff sentence and was being detained because he posed a risk as a result of his mental health when he brought his challenge. It is not a matter just of the length of the sentence, but of the time that someone is lawfully detained once the threshold sentence is passed. We should take the very simple step of amending the Limitation Act 1980, so that anybody who receives damages arising from litigation on this subject can have the damages taken away by the victims of their crime. What prevents that at the moment is the time limit that has usually been exceeded before the convicted person is in funds and so the victim is precluded from claiming. It would take half an hour to draft the amendments to the Limitation Act that would solve that problem.

There are too many examples to mention of necessary and welcome ECHR intervention, so we should not be tempted to walk away from that institution. We should make the best that we can of the situation in which we find ourselves—a situation that we on this side of the House inherited. We do not allow our citizens to pick and choose, so we should not seek to pick and choose ourselves.

4 pm

Ben Gummer (Ipswich) (Con): My right hon. Friend the Member for Hitchin and Harpenden (Mr Lilley) got to the heart of the matter when he said that two things were at stake, one of principle and one of politics. I will deal first with two matters of principle on which I do not think the House has yet touched. The first has vexed moral and political philosophers for centuries: the difference, and combat, between freedoms and rights.

Many Members have rightly called the House's attention to the thought of rapists and murderers being given the vote and what that would be like for our constituents. I wonder whether I can place a more positive image of voting in the minds of Members: that of the long queues that formed in the first democratic elections in South Africa, or in the elections that followed the fall of socialist regimes in the eastern bloc, and in those only a few weeks ago in southern Sudan when the people there found their independence. Those people were expressing a freedom; for the first time they were expressing their freedom from tyranny.

Voting is an expression of freedom, but it is more than that: it is the constructive act that makes freedom possible. Those who commit crimes deny freedom to others, either by the force of violence or by inhibiting the actions of people and communities through fear. It is a right and proper mode of retribution for a community to deprive such an individual of their freedom, because that is what he or she has done to others. Surely, therefore, it goes against the essence of the retributive punishment being meted out by the state on behalf of the community if the individual is able to participate in that community while in prison. On that simple issue of principle, I cannot understand, despite all the elegant arguments put forward, why prisoners should be granted that most special and precious freedom, which is an expression of the freedom of those in the community.

Lorely Burt: The hon. Gentleman is making a cohesive argument, but I ask him to reflect on what we are doing here. We are not taking away a freedom from someone, but a human right. That is the only difference between us.

Ben Gummer: I thank the hon. Lady for that point, because it brings me to the second matter of principle that I want to talk about, but I do not want to get into the dangerous territory of discussing rights and freedoms. I am trying to explain why I believe that voting is traditionally a freedom in this country, not a right. That is in part why we have got into this mess.

Taking the European Court of Human Rights on its own terms, those Members who have looked at the comments of the dissenting judges will know that they are very telling. The main point of dissent is that protocol 1 of article 3 is not a substantive individual right. It is one that forced contracting states to provide free and fair elections, but the bounds by which the states make those decisions are left to them.

What worries me, as I said earlier, is the encroachment of jurisprudential evolution on the Court's decision making, which is changing the nature of the convention. It is not the convention that is at fault, but the Court. Here we come to the key point, because the reason we have to listen to the Court's judgment, as my hon. Friend the Member for Bury St Edmunds (Mr Ruffley) so rightly pointed out, is that the Wilson Government decided in 1967 to allow petitioning in person to the European Court and for its decisions to hold force of law in this country. That changes entirely our relationship with the convention. The problem is with the Court, not

[Ben Gummer]

with the convention, and that is not my point but one that Lord Hoffmann has made with far greater eloquence and force.

There is a subsidiary point, which has been brought up several times in the debate, about the rightness of decisions. The hon. Member for Rhondda (Chris Bryant) is entirely correct that the shameful denial of service by homosexuals in the military was wrong, but the fact that the European Court judged it to be wrong does not make the existence of the Court itself right. It is right that we reflect on the ability of this House to make the right decision at the right time, even if other courts prompt us to do so.

I shall make quickly two other points about the political issues and why we need to face the matter now. First, I yield to no one in my passion for penal reform, rather like my hon. Friend the Member for Devizes (Claire Perry). I am a proud patron of the Longford Trust, and, with the fantastic plans that the Lord Chancellor has laid before the House, we are about to embark on the most significant period of penal reform since the era of Lord Shaftesbury; but, in what will be a remarkable period of reform and release for some of the most vulnerable people in our community, we will lose the public's confidence if we start off on this footing.

Secondly, I have many problems with the European Union and I disagreed with the Lisbon treaty, but the simple fact is that many people—a majority both in this House and on the Government Benches—believe in this country's continued membership of the European Union. This debate makes it impossible to have a clean debate about the European Union, however, because too many people understand the EU and the European Court of Human Rights to be the same thing. For those reasons, in principle and in politics, I shall support the motion.

4.6 pm

Dr Thérèse Coffey (Suffolk Coastal) (Con): It is a privilege, not a right, to participate in this place, and one that I enjoy thanks to the votes of my electorate.

Thomas Docherty (Dunfermline and West Fife) (Lab): Shame!

Dr Coffey: I shall see you later. *[Interruption.]* Sorry, I do not mean "I shall see Madam Deputy Speaker later".

Members have already discussed how today's debate could be portrayed as one of illiberalism versus liberalism, and that is a great shame, because it was Government Members who decided to scrap the DNA database for people who are innocent of crime. That was decided not because of an ECHR ruling, but because it was the right thing to do, so it is a shame when people cite particular examples, because it is this House that makes those decisions, and I am proud of that.

Members have also referred to judgments, and my hon. Friend the Member for Devizes (Claire Perry) talked about how the issue has become an aspect of the debate about what constitutes a free and fair election. In the Frodl case, the comments on that point were that universal suffrage is required, otherwise it

"risks undermining the democratic validity of the legislature thus elected"—

like this one—

"and the laws it promulgates."

Personally, I just think that they are wrong, but that is an example of the philosophy we are coming up against.

I, like many other Members, am not a lawyer, but I have a strong sense of justice. People commit crimes not because somebody else has told them to do so, but according to their own free will. Other Members have said that that usually deprives other citizens of their freedoms and rights, so there is a conscious decision to commit a crime, and that is why this House is entitled to make a conscious decision to deprive people who commit criminal offences and are sent to prison of their opportunity to vote in elections.

The 2005 Hirst judgment was a majority verdict, but not one that would pass in a court of law here: a vote of 12 to five means that we are in the situation we are in today. There was a lot of discussion in the judgment about whether this House had had the chance to debate whether depriving somebody of their opportunity to vote is just or proportionate in the light of 21st century standards. That issue has received limited attention today, but the key points about freedom of choice and depriving others of such freedoms have been made.

Members have also cited examples. The hon. Members for East Kilbride, Strathaven and Lesmahagow (Mr McCann), for North Antrim (Ian Paisley) and others talked about the sentences that people have received for particular crimes—the people to whom we would risk giving the vote if the original proposal that the Government made in December were to pass. I have used before in this House the example of someone in Barrow-in-Furness who was convicted of a crime—brandishing a knife during an armed robbery—that carried a sentence of less than four years. There are other examples involving people who have committed rape. These things matter to people in the street. When I went into any pub in Suffolk Coastal in December, everybody was appalled at the idea of any prisoner serving a criminal sentence having the vote.

I want to bring to the House's attention something that greatly surprised me when I was doing my research on this topic. The AIRE—Advice on Individual Rights in Europe—Centre represented prisoner Frodl from Austria against the Austrian Government at the European Court of Human Rights, and gave a contributing opinion to the 2005 Hirst judgment. It has also given evidence to the Political and Constitutional Reform Committee. I am not saying that the AIRE Centre should not exist, but I was surprised, as other Members may be, by some of the people who contribute to it. It might not be surprising that the Joseph Rowntree Charitable Trust and other charitable trusts provide funding, but I was a little surprised that Comic Relief does so. I was also surprised when I discovered that the Equality and Human Rights Commission, which uses public money, contributes to it, and even more surprised that the European Commission does so. I was most surprised when I found that the Foreign and Commonwealth gives money to this organisation, whose No. 1 priority is to help to represent prisoners in the ECHR. We should look into that use of public money. I hope that the Attorney-General listens to that and acts on it.

4.11 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): I apologise for not being in the Chamber earlier, as I was in the Armed Forces Bill Committee. That got me thinking that this Government have done nothing to make it easier for our gallant men and women serving overseas to get the vote—I will not repeat the arguments that we have had on the Fixed-term Parliaments Bill—but seem rather keen to help criminals to get the vote. I hope that the Attorney-General will reflect on that.

Mrs Laing: In fact, it was the previous Government who did nothing to help our armed forces to get the vote. Some of us argued from the Opposition Benches, hour after hour, day after day, to try to make the Government do something about it, and eventually, three months before the election, they did.

Thomas Docherty: I have a great deal of time for the hon. Lady, but on this occasion she and I will have to disagree, although I hope she will be agreeing with me next Tuesday and Wednesday as we play ping-pong with the other place.

I have been raising the issue of prisoner voting rights for several months, particularly with reference to the Scottish Parliament elections. It is incredibly disappointing that none of the Scottish nationalists saw fit to grace us with their presence today, given that it is their Government in Scotland who have responsibility for the forthcoming parliamentary and local government elections next year. I raised the matter with the Cabinet Secretary for Justice last year. I do not intend to go through all the correspondence that my colleagues and I have had with him and with ministerial teams on this. However, the situation has been confirmed to me and to my colleague, Richard Baker, who is, for now, the shadow Minister but will, I am sure, become Justice Secretary. The SNP Government have not even bothered to write to the Deputy Prime Minister—who, let us be clear, is behind the move to give prisoners the right to vote—to express the Scottish people's opposition to it.

The Attorney-General *indicated dissent.*

Thomas Docherty: The Attorney-General shakes his head, but this is a Liberal Democrat policy. I remind him that in 2007 the right hon. Member for Gordon (Malcolm Bruce), who was president of the Scottish Liberal Democrats, urged the then Government to give prisoners voting rights in the Scottish elections. I am delighted that my right hon. Friends resisted that request by Scottish Liberal Democrats, and delighted that today we will again be resisting the pressure from Liberal Democrats to give people who have broken the law the right to vote.

I am deeply concerned by the Government's attitude towards the ongoing test case involving the devolved Parliaments and Assemblies. It is clear from the 2007 case that the European Court is minded to grant prisoners the right to vote in Scottish Parliament elections, because, as my hon. Friend the Member for Rhondda (Chris Bryant) has said repeatedly in this debate and elsewhere, the Scottish Parliament is a primary legislative body. It is difficult to envisage how the Attorney-General, as fleet-footed and talented as he is, will persuade the European Court that the Scottish Parliament is exempt. I hope that the Attorney-General, when he is not looking at his BlackBerry, will clarify why he thinks the Scottish Parliament will be exempt from this issue.

My colleague Richard Baker MSP wrote to soft-touch Kenny MacAskill on 10 December last year. As I said, the Scottish Government do not believe that they have any role to play in lobbying the UK Government. That is another stain on the record of the SNP Government, who seem quite happy to pick fights with the UK Government, but will not stand up for what the people of Scotland want.

I think that Members from all parts of the House hold principled views on this issue. Although I fundamentally disagree with the Liberal Democrats on this issue, I respect their stance. I hope that they understand that voting is a right. As a former Prime Minister said, there are rights and there are responsibilities. People who break the law and who commit heinous crimes should not be allowed to vote.

As the Government have yet to clarify what the tariff limit will be if they lose the case, we have to assume that it will still be four years, as was leaked previously. I draw the Attorney-General's attention to one of the problems in Scotland, which is that the Scottish Parliament has its own sentencing policy, its own judiciary and its own tariffs. Under a tariff system, the limit might be set at one year, six months or four years. Crimes that have a certain sentence in England, Wales and Northern Ireland might not have the same sentence in Scotland. I hope that the Government will reflect carefully on what the impact will be on Scotland if they use a tariff system, rather than using specific crimes. I accept that the Liberal Democrats probably do not intend to give paedophiles the vote. However, if the limit was set at four years or less, the disgusting individuals involved in the shocking case of child abuse in the south of England last year would qualify to vote. I am sure that that is not the intention of any party.

I am conscious that other hon. Members wish to speak, and I have said my piece. I will vote tonight for the motion in the names of my right hon. Friend the Member for Blackburn (Mr Straw) and other hon. Members.

4.17 pm

Martin Vickers (Cleethorpes) (Con): It has become a badge of honour to stand up in this debate and say, "I am not a lawyer." My hon. Friend the Member for Devizes (Claire Perry) started her speech by saying that she was not a lawyer so she would speak common sense. If I were a lawyer, I am not sure that I would take too kindly to that, but I am sure that she meant it in the best spirit. I am not a lawyer and am more of a kindred spirit with those who have spoken, as I see it, as representatives of their communities.

We have heard many eloquent and learned explanations of the tangle that we find ourselves in as a result of the findings of the Court, and about how its decisions have evolved way beyond what was envisaged by a previous generation of politicians. In the aftermath of world war two and all the horrors of that conflict, politicians could not have foreseen a time when human rights would be referred to by many people in the same breath as health and safety. I seek not to trivialise the debate, but that is what can be heard in any debate on the

[Martin Vickers]

doorstep, in the pub or at the shop. What is meant is that the legislation that covers those issues has become disconnected.

Most Governments, if not all, come to power on a wave of public good will. Despite the current one not having come about in the normal way, they retain significant support from the general public. Like all Governments at various times, however, they have found themselves making a proposal that they know full well flies in the face of public opinion. The electorate store up such follies, as they see them, perpetrated by Governments. They eventually reach a tipping point and say to themselves, "This Government no longer speak for me". We are a long way from that, but the current proposal is a very small step in that direction. We are losing touch with those whom we represent. Hon. Members are elected to this place to articulate the hopes, fears and concerns of the electors.

Andrew Bridgen: Does my hon. Friend agree that we have been assured, and often reassured, in the House that we are a sovereign Parliament? Will he join me in urging all right hon. and hon. Members to act like a sovereign Parliament on this issue, and to represent the views of our constituents and resist those of an unelected European body that is seeking to push itself further into domestic UK affairs?

Martin Vickers: I agree entirely. I, too, thought I was being elected to a sovereign body, but as the weeks go by I am beginning to have more doubts than I had six or eight months ago.

We are here to articulate the concerns of the electorate. On some decisions there is room for doubt, but on this one they are giving us a clear message. In fact, they are agreeing with comments by the Attorney-General himself. I note that in the Westminster Hall debate that took place a few weeks ago, my hon. Friend the Member for Kettering (Mr Hollobone) quoted him—so I am sure it must be correct—as having said:

"The principle that those who are in custody after conviction should not have the opportunity to vote is a perfectly rational one."—[*Official Report*, 11 January 2011; Vol. 521, c. 2WH.]

Every member of the public to whom I have spoken would entirely agree with that.

If we go along the route of giving prisoners the vote, we will be acting contrary to the overwhelming views of those we represent, and in an irrational manner. I will support the motion. I do not approve of votes for prisoners, and I certainly do not approve of any form of compensation for them. I know that I speak for virtually 100% of my electorate in saying that.

Henry Smith (Crawley) (Con): Will my hon. Friend give way?

Madam Deputy Speaker (Dawn Primarolo): Order. I think he's finished.

4.22 pm

Nick Boles (Grantham and Stamford) (Con): This has been a very interesting debate, and rather unusual for me. I have to confess that in most debates, I arrive knowing what I think on the subject, sit here waiting for my chance to say what I think, say what I think and then vote accordingly. On this subject, which is so complicated, I find that my views have shifted during the debate.

My views on prisoner voting have shifted very slightly. I am still of the view that all people convicted and given a prison sentence should lose their right to vote, but I was much struck and influenced by the comments of my hon. Friend the Member for Devizes (Claire Perry), who suggested that in the last six months of a sentence, as part of the rehabilitative process, the Parole Board or whatever is the right authority might give a person back that right if they were showing signs of becoming a good citizen. I have therefore changed my position. I still believe that all convicted prisoners should lose that right, but I am open to persuasion on the possibility of restoration of the vote in the last six months of a sentence.

Before I came to the debate, I was of the view that if the European Court imposed fines, we should simply refuse to pay them and challenge it to send a gunboat up the Thames to extract the money from my right hon. Friend the Chancellor. I would say good luck to it in that—I have tried to do so for my constituents on several occasions and so far not been very successful. That was my view before, but I was persuaded by my hon. Friend the Member for Dewsbury (Simon Reevell), who is no longer in his place, that we who believe in the rule of law and who want the laws that we pass in this place to be respected cannot allow a precedent to be created whereby it is okay to pick and choose which laws we obey and which judgments we accept. If we believe that the Hirst judgment is intolerable, we should go to the root of the problem and not try to evade the particular case.

Mr Brian Binley (Northampton South) (Con) *rose—*

Nick Boles: I am sorry. I will not give way because we have very little time.

What is the root of the problem? I have reached the uncomfortable conclusion that the root of the problem is the nature and location of the Court. Good judges are not good judges just because they are qualified—although there have been questions about the qualifications of some ECHR judges—or because they understand the laws of the country and respect the right of the legislature to make them, and that their role is simply to interpret and apply them. Good judges are good because they are products of the society within which those laws are created and to which those laws are applied. Judges earn legitimacy to make judgments, tough as they may be. Because they are part of that society, they understand it—they are part of the warp and weft of it.

My fear is that the Strasbourg Court can never be that. That is why I agreed most with the right hon. Member for Blackburn (Mr Straw) when he described why incorporating the convention into our law and making it subject to the interpretation of the Supreme Court—our Court and our justices sitting not 300 yards from Parliament—was a way of making the convention, which is a fine document, something that the British people would come to respect and even love as part of their fundamental freedoms.

I hope that the debate will be one small step along the way to us saying to the Strasbourg Court: "Back in your box! Your role is to bring it to our attention—this

Parliament's attention—when you believe that our laws are out of kilter with the convention. But that is your role and no further. The specific questions of how the laws that we make apply to individual cases and citizens in this country should be for British judges in a British court." In that way, we would have a law that we could all respect.

4.27 pm

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): I wish to echo the remarks of the hon. Member for Cleethorpes (Martin Vickers), who started off by saying that he was not a lawyer, but I would go further. Not only am I not a lawyer, I have never been a lawyer, and I have no intention of ever becoming a lawyer. As far as I am aware, no one in my family unto the nth generation has ever been a lawyer.

We are in danger of turning this debate, which is about basic, simple questions, into a lawyers' talkfest. There is always in tendency in these circumstances for lawyers to show how clever they are by overcomplicating the basic issues at stake. The essentially simple questions are these: should prisoners be allowed to vote, and who should decide?

On the first question, I am clear that prisoners should not be allowed to vote. That is the view of the vast majority of Labour party members and voters up and down the country—there is no doubt about that. As I indicated earlier, we take the view that prisoners are a sub-set of those who have been found guilty. For that comment I was denounced by my hon. Friend the Member for Rhondda (Chris Bryant) for being too subtle, of which, it must be said, I have not often been accused.

Chris Bryant: I said, "Not too subtle"!

Mr Davidson: The distinction between "Not too subtle" and "Too subtle" is too subtle for me, I must confess.

Our system decides who of the guilty should be sent to prison and who should not. That way of subdividing the guilty is perfectly acceptable to me. Those who are deemed to be prisoners have been found to have broken the civic contract that operates between members of society and the society in which they live. I am therefore clear that the vast majority of our people are hostile to prisoners voting.

The second question is this: who decides? I do not think that this is a judicial decision or a legal matter; it is a political decision about who should decide, and I am clear that we in this country should decide who should vote in our elections, rather than somebody external to this country. I was denounced earlier when I called on the Member for Doncaster and Brussels Berlaymont to speak up for Brussels—

Mr Straw: Rotherham.

Mr Davidson: Rotherham sorry. Again, perhaps I do not know the distinction. When the Member for Rotherham and Brussels Berlaymont, my right hon. Friend the Member for Rotherham (Mr MacShane), was sounding off, I said, "Speak up for Brussels." His key response was, "Well, it is not physically or geographically in Brussels"—so presumably all my arguments failed. It is not a question of geography though; it is a question of mindset. There is a Brussels mindset, irrespective of where it is physically located, that basically says that European is best and that there is a political elite in Europe that knows better than we do in this country how our country should be run. We have to say, "Up with this we will not put." Enough is enough. In these circumstances, we ought to be saying that we wish to repatriate these powers, if they need to be repatriated, and if it is a question of ceasing or stamping on judicial activism by the European Court, that is what we need to do.

This issue should not be seen in isolation. Only today, in *The Scotsman*—so it must be true—the headline read: "Euro rule lets 900 accused escape justice. Judgment over human rights leads to ten prosecutions being dropped every day in Scotland." The system in Scotland has done us fine for years, but here we have an example of the EU or its various arms, based in Brussels, Strasbourg or somewhere else—someone external—coming in and telling us how we should run our own affairs. As I said before, we ought to be sending the clear message that, "Up with this we will not put", and that we will reject the influence of the Court as it constantly creeps across the United Kingdom.

4.31 pm

Sir Peter Bottomley (Worthing West) (Con): When someone is convicted of an offence, a number of elements are available to the court in disposing of the sentence. I cannot think of a single objective that is met by withdrawing the right to be registered to vote and to vote. It is clearly not a deterrent; I do not see that it is a punishment; I do not see that it helps rehabilitation; and I do not think that it is much of a penance either. The question is, therefore, why do we do it?

I think that Parliament should decide these issues. It should not be for the Supreme Court across the square or the European Court. I pay tribute to my hon. Friend the Member for Kettering (Mr Hollobone) for securing a debate in Westminster Hall on 11 January on this matter, and I am glad that we are having this debate now. The motion is defective in terms of setting policy, although it is very good for expressing opinion. I can agree with its first elements, but as my amendment—it would replace the last clause from the last semicolon in the motion—states, it would be a good idea to note that nearly

"a third of men have by the age of 30 been convicted of a serious criminal offence for which they could"

be sent to jail for six months or more. Hon. Members who have spoken about the problem of people breaking the law were right to phrase it that way. The question of whether someone is sent to jail as well is an extra issue. If we are going to say that breaking the law means that the right to vote should go, a third of us here would have lost the right to vote at some stage in our lives. Fortunately, however, most courts do not use a sentence of six months or more for offences for which one could be used.

We could split the motion—we might have to return to this point—between its European side, with which I mostly agree, and the question of whether we should maintain the blanket ban, or whether we should either say, as the Government suggest we might, a certain number of years, or, as others have said, a certain period before release. We can debate those issues without trying to put the two together. Although the debate has

[Sir Peter Bottomley]

been interesting—having listened to it for four hours, I have probably gained as much as many who have been here the whole time—I believe that we ought to consider the issues separately. By all means, we can talk to the public and the newspapers, and look at the good cartoons in the *Daily Mail* and *The Daily Telegraph*, most of which could form the basis of a good speech. However, we ought to return to the question: what is the objective of sentencing policy that makes the withdrawal of the right to vote so important?

I leave the House a question: who has the responsibility to register those who are convicted and sent to jail? If I am already on the electoral register, is there a system for the courts to tell my returning officer to take me off it, or am I just left on? If I have set up a proxy beforehand, would that still work? Those are matters of detail, which are not important today. The important question today is: do we, as the motion says we should, acknowledge

"the treaty obligations of the UK"?

I agree with my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) on that. As for the right hon. Member for Blackburn (Mr Straw), whom I knew before he became middle-aged, he said that it was not the right time to bring the issue up, when the period that was "not the right time" allowed for more than five years of procrastination, with one election followed by another within five years. That was not the strongest argument that he brought forward this afternoon.

Mr Straw: It may not have been strong, but it was true.

Sir Peter Bottomley: In the debate in Westminster Hall on 11 January, I quoted Justice Dennis Challeen. He said—I will précis it—that we want people to be responsible, but we deny them more responsibility; that we want them to think of others, but we put them in situations where they do not. As for using the vote, if people could start saying what kind of society they want to be part of, and if they want to be law-abiding subjects and useful citizens on release, as many do, then it could be part rehabilitation. However, I do not believe that by giving the vote we will suddenly find the reconviction rate dropping by 20 points. That would be ambitious. Those are ambitions that we ought to have—I am glad that tribute has been paid to what the Lord Chancellor is proposing to do to change our penal system to make it work better—but would it not be even better if many fewer people were committing criminal offences for the first time, and if the period in which they did were reduced even faster?

Winston Churchill's speech as Home Secretary from 1910 can be quoted, but that point is on the record, so I will not go into that. What I would say, to those who want to start condemning the Prison Reform Trust or the Howard League, or those such as myself—I have served on the council of both Nacro and Mind, the National Association for Mental Health, and I was chairman of the Children's Society, trying to deal with those at risk of becoming serious and serial criminals—is that we have to recognise that most of the people whom we are talking about are bad, mad or sad, or a combination. However, they are not always that all the time, so the sooner we start learning how to get deterrents, prevention and rehabilitation and can convert them to law-abiding citizens, the better.

I hope that we shall have this debate again, but after splitting the issues, so that we can make progress on both.

4.37 pm

Mrs Eleanor Laing (Epping Forest) (Con): My hon. Friend the Member for Worthing West (Sir Peter Bottomley) is right in much of what he says. He does not have a lot of support in the House today, but I agree with him that we ought to have another debate to consider the issues in greater detail and singly.

This issue is far more complex than it at first appears, and certainly more than the *Daily Mail* and others would have us believe. There is no question of criminals who have been convicted of serious crimes being given the vote as a result of today's debate. The ECHR does not require it, the Government do not propose it and the vast majority of the British people—and, I think, of Members of this place—are firmly against it. The Select Committee on Political and Constitutional Reform took evidence last week, and we published a short report in an attempt to inform the debate. I am pleased that my hon. Friend the Member for Devizes (Claire Perry) mentioned that, and that other Members have said that, after listening to the debate and reading the Committee's report, they have thought about the matter more carefully than before.

The point made by the court in the case of Hirst is that

"there has to be a sufficient and discernible link between the conduct and the nature of the punishment."

As Lord Mackay told the Committee last week,

"if somebody commits a crime of serious violence...one can argue...that is a fundamental attack on the basic human rights of the victim...and, therefore, it is perfectly reasonable, as part of the punishment, that the deprivation of the right to vote should be imposed."

Lorely Burt: As I understand it, the hon. Lady is proceeding on the principle of "an eye for an eye and a tooth for a tooth". Like the hon. Member for Glasgow South West (Mr Davidson), who is no longer in his place, I am not a lawyer, but I thought that British justice had abandoned that principle.

Mrs Laing: I am not saying that at all; the hon. Lady has totally misinterpreted what I have said.

Mr Hirst, who brought the case, helpfully submitted evidence to the Select Committee, in which he said that he

"calls into question the purported authority of the HoC Political and Constitutional Reform Committee to investigate a matter already decided by the highest court in Europe".

Mr Hirst further accused me, as the acting Chairman of that Committee, of ignorance of the law. Okay, I know that it is difficult to admit it this afternoon, but I was once a lawyer. He goes on to threaten:

"Neither the Council of Europe nor I will let the UK off the hook with this one."

Well, it is time that someone stood up to Mr Hirst, given all the taxpayers' money that he has spent on legal aid in bringing this case, which is causing nothing but trouble for the Government, Parliament, our courts and our prisons.

Henry Smith: My hon. Friend has hit the nail on the head. This is about malice on the part of this individual and about compensation money, which is wholly unacceptable.

Mrs Laing: My hon. Friend is absolutely right.

Mr Hirst killed a woman with an axe. He pleaded guilty to manslaughter on the ground of diminished responsibility, and his guilty plea was accepted on the basis of medical evidence that he was amoral—that is, he had no moral judgment. I would argue strongly that Mr Hirst took away the right to life of the woman he killed, and that he therefore deserves to lose some of his rights. Criminals who have broken the law forfeit some of their rights. I am sorry to disagree with something that my hon. Friend the Member for Ealing Central and Acton (Angie Bray) said earlier. Having a vote is not a privilege; it is a right. However, it is not an absolute right; it is a right with conditions attached, and this Parliament can attach those conditions.

I will vote for the motion before us today, but I also say to the Government that there is a way through this problem. We in this Parliament can adhere to our British principle that the loss of the right to vote is part of the punishment for those who commit a serious crime while at the same time fulfilling our obligations to the rule of law under the European convention, which the UK drafted in the first place. We can do that by drawing a distinction between different crimes, and by introducing some judicial discretion in sentencing, based on legislation. That would mean that we would no longer have a blanket ban on prisoners voting, but that only a very small category of prisoners would be able to vote. I do not have time to go into detail this afternoon, but I commend to Ministers and to the House the evidence given to the Select Committee on 1 February. Learned lawyers—very good ones, too—gave evidence on how a way through this could be found.

I also want to say something about public opinion. We have to be careful about this, because public opinion has been whipped up on this subject. These are people in prison who deserve not only retribution but sympathy and help. Edmund Burke said in his speech to the electors of Bristol in 1774:

> "Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion."

Lord Mackay of Clashfern told the Select Committee last week that

> "the rule of law is very valuable to us. We tend to take it for granted but we need to make sure that we do not let it slip."

It is only by upholding the rule of law that we can play our part in enabling the European Court of Human Rights to hold other countries to account when serious breaches of human rights occur. This afternoon, however, it is our duty to make it clear that this Parliament has at last considered this matter, and that it has a decisive view that, in most circumstances and with few exceptions, a criminal conviction carries with it the loss of the right to vote.

4.44 pm

Mr Brian Binley (Northampton South) (Con): I agree with the hon. Member for Glasgow South (Mr Harris), who is no longer in his place—*[Interruption.]* Ah, there he is. I agree with many of the words he spoke. I also agree with the hon. Member for Glasgow South West (Mr Davidson)who said that we had heard a lot from lawyers. They indeed play an important role—dare I say it, some might say too important a role—in this House. Many of my friends are lawyers, so I would not go there. It is ironic, however, that the problem we are debating today can be placed at the very door of lawyers. I feel that sometimes they ought to take responsibility for such problems; they are the people who we need to solve them, yet it is they who have left us with a massive issue about sovereignty. We need to reflect on it and ensure that this House—and, frankly, not the lawyers—take the decisions. I also find it ironic that constitutionalists are split on this issue. I shall mention just two—because they suit my case. The first authority I shall quote is not considered to be a raging Tory. Indeed—

Chris Bryant: Lord Hoffmann.

Mr Binley: Yes, it is Lord Hoffmann, who said that it was

> "not proper for a European supranational court to intervene in matters on which member states... have not surrendered their sovereign powers."

I could go on and mention Dr Michael Pinto-Duschinsky, who said:

> "International institutions which are set up by everyone become in practice answerable to no one".

We should take note of what those wise men said. Indeed, we should take note of the many who argue that article 3 of protocol 1 does not constitute a universal right. Therein lies another legal argument for our lawyers to get stuck into.

I want to use my time to speak not about the voice of the law, but about the voice of the people I represent. That is what I think this House should primarily be about. Our constituents deserve to have their views heard, and I have taken much trouble to try to ascertain them. They agree with the sentiments I expressed in the Council of Europe only two weeks ago when I said that many Britons hold the view that restricting the vote of those who freely choose to place themselves outside the rule of law for their own personal gratification, gain or ambition is not a denial of human rights, but a choice those people make. That is simple stuff, not wrapped up in legal language, but we need to take note of it. My constituents also tell me that they are sick to death of the opportunist claims made for compensation, but they are especially sickened by the claim made by the racist John Hirst, who murdered his landlady with an axe. He does not deserve compensation, they tell me, and they do not believe that he cares about the vote either. What he does care about is the money he might get, which is another truth that we need to face up to.

The judgment of people in my constituency is thus quite clear. They say that they do not want prisoners to have the vote. They want to ensure that there is a price for prisoners to pay—a price to pay for those who place themselves of their own free will and volition outside the law. That, with respect, is my answer to my hon. Friend the Member for Worthing West (Sir Peter Bottomley). That matter needs to be taken into account too.

In the time left to me, I want to urge the Minister and the Prime Minister to recognise the dangers of such a judgment, not only for the European Court of Human

[Mr Binley]

Rights but for the whole concept of the European Union. European institutions continue to enlarge their own areas of decision making at the expense of sovereign Parliaments. If that continues, the institutions themselves will be at risk. The Government need to recognise that fact; more importantly, so do the European institutions. As we saw in eastern Europe and as we are seeing in north African states such as Egypt and in states all over the world, the people will be listened to in the end. That needs to be taken into account both by this Government and by the wider European institutions; they would do well to take heed of that.

4.49 pm

Anna Soubry (Broxtowe) (Con): I am delighted to follow my hon. Friend the Member for Northampton South (Mr Binley). I shall begin by taking off my wig and putting on a very hard hat, because I am another of the lawyers who now have the great pleasure of being in this place.

I will not support the motion if a vote is called, not because I believe for a moment that prisoners should have the right to vote, but because I consider the motion to be a bit of a dog's dinner. I commend the speech of the Attorney-General, my right hon. and learned Friend the Member for Beaconsfield (Mr Grieve). I also agree with my hon. Friend the Member for Worthing West (Sir Peter Bottomley) that the House should debate the subject again properly, because this dog's dinner confuses a number of issues. As I have said, I do not think that prisoners should have the right to vote, but the subject does not excite me a great deal, although I accept much of what has been said. The Attorney-General made clear his view that it was important for us to debate the issue of prisoners and voting, and to present our opinions on the matter as a Parliament because they might prove useful in another place.

Let me throw this into the mix, for what it is worth. There is no blanket ban at present, as we know. As for whether we should introduce a further restriction, let me say—I have said it before, but I will say it again—that in all the 16 years or so during which I was a barrister in the criminal division, none of my clients who received a custodial sentence ever said to me, "It is an outrage: I have now lost my right to vote." They said many other things, mostly rather derogatory things about my pleas in mitigation and the like, but that was not one of their complaints.

Please, let us not allow our judges to decide whether someone should retain or lose the right to vote. Indeed, let us not place that burden on them. To put it bluntly, judges have enough to do, and have enough of what is often nonsense to read out. I do not think that it is their role to make such a decision. I think that, in a sense, we would abdicate our responsibility if we gave it to them. We can imagine the nightmare that would result: a draftsman would have to specify the circumstances in which a person should be given the right to vote and those in which that right should be taken away, and then someone would appeal against that. It is a bad idea.

I also urge the Government not to prescribe a particular period. I know why a period of four years has been floated—I will not bore all the non-lawyers with the history of that, and why it has now been removed—but I think it would be a bad idea to specify two years, three years or four years. I know of cases in which paedophiles have received custodial sentences of less than four years; I know of violent offenders who have received custodial sentences of less than four years, and whose period on licence has been extended because the court has found them to be dangerous. There is also the problem that arises when people have been found to be dangerous and have received what is effectively a life sentence because of the nature of their crimes, but the actual period for which they must serve before being considered for parole is well under four years.

I realise that that sounds technical, but these are really important matters. We could end up with a very peculiar state of affairs. Someone who clearly should not have the right to vote because he is dangerous and has committed a truly terrible offence such as a rape, or an offence of wounding with intent under section 18 of the Offences Against the Person Act 1861, might serve a sentence of less than four years. That is one of my reasons for urging caution against a prescriptive figure.

I suggest that when we have considered the matter and returned to the debate, we should consider an idea which, although I wish it were mine, actually belongs to my hon. Friend the Member for South Swindon (Mr Buckland). As you might imagine, Mr Speaker, he and I have discussed the matter at length, over, obviously, just a couple of pints of lemonade. My hon. Friend's idea, which I consider very worthy, is that anyone who is given a custodial sentence in the Crown court should lose the right to vote. If an either-way offence is involved, a person takes a risk by opting for trial or a committal for sentence, but if they end up in the Crown court, it is already clear that a serious offence is involved. I think that an admirable way of solving the problem would be to specify that someone who receives a custodial sentence in the Crown court should lose the right to vote.

4.54 pm

Mr Richard Shepherd (Aldridge-Brownhills) (Con): First, I wish to express my gratitude that both Law Officers, the Attorney-General and the Solicitor-General, are present for this debate. Secondly, I want to commend my hon. Friend the Member for Ipswich (Ben Gummer) for making such a remarkable speech. His exposition of why prisoners lose the vote in this country was highly effective and eloquent, and what he said is consonant with the will and view of the people of this country.

We in this House too often forget how certain measures were introduced. I was surprised, however, that the hon. Member for Rhondda (Chris Bryant) had forgotten that the measure under discussion was a Labour measure, introduced by Attlee's Government. I will give the hon. Gentleman the dates, just to encourage him a little. In 1948, Germany was divided, and Europe was fighting to maintain democracy and its values in the west. Out of that came the Council of Europe. In May 1949, the statute of the Council of Europe was signed in London, and it included an emphasis on human rights. The Cabinet agreed to the convention on 24 October 1950, and it was signed on 4 November 1950 and ratified on 8 March 1951. The Labour Government did that because of the state of democracy in Europe, as many Europeans felt that would be a bulwark against Soviet hegemony in Europe.

Chris Bryant: The hon. Gentleman is right that it happened under a Labour Government, but it happened with the full support of the Conservative Opposition. Indeed, that is why the Labour Government supported David Maxwell Fyfe's appointment to the chairmanship of the key committee—the legal committee—in the Council of Europe that drafted the original version of the convention. That happened while there was still a Labour Government.

Mr Shepherd: The hon. Gentleman should also remember that Lord Jowett and the Labour Cabinet were greatly anxious about another court in the English legal system. The convention was therefore very tightly drawn.

Robert Halfon: Will my hon. Friend give way?

Mr Shepherd: No, as I have only three minutes and 49 seconds left.

Moving forward in time, the Hirst case caused a great deal of anxiety in this country. I do not think it the most important case, but we are using it as the means by which we ask questions about the nature of, and what has happened to, the European Court of Human Rights. I think Tyrer *v.* the UK is more important, because something foreign was then extended to our British legal system: the notion that the Court's role was to use the law as a living instrument. That is in direct conflict with our common law tradition, and no one in this Parliament or this country signed up to such an important agreement. That is why we are in trouble, and that is what lay behind Lord Hoffmann's elegant and eloquent introduction to the policy review argument of Professor Pinto-Duschinsky.

At the heart of this matter, we have to grapple with a profound point. I heard my good friend the former Lord Chancellor, Foreign Secretary, Home Secretary et al, the right hon. Member for Blackburn (Mr Straw), say that their claim was that we were bringing rights home. The truth is not quite that. The statute was brought in, which I support entirely. It is important, because there could be tyranny; one vote could have given us 90 days of imprisonment without charge. Fortunately, that was defeated by this House, but that episode shows how thin our liberties lie. The question, therefore, is how do we entrench them? That was the purpose of the very subtle piece of legislation called the Human Rights Act 1998.

I believe these matters should be brought home. I think our common law judges can define the points and do that work, but there can be no entrenchment of that. That has always been the problem with the British constitution; we cannot entrench that which is good, because another Parliament can do away with it or a simple majority in this House of Commons can undermine it.

I cited one such great case—that of 90 days without charge—which was put forward as a serious proposition by a democracy and a land that believes in the rule of law. I would therefore like to give this task entirely to the British judges. That is what I see as the remedy to this situation: we bring the law back and it is decided here. We support and salute the endeavours of the Council of Europe, but this Court is a shambles as currently constructed and in the way in which it discharges its duty. I support the motion, for the reasons first argued so eloquently by my hon. Friend the Member for Ipswich, and in the underlying struggle to maintain the common law in this country.

5 pm

Gordon Henderson (Sittingbourne and Sheppey) (Con): Unlike my hon. Friend the Member for Broxtowe (Anna Soubry), I support the motion. I do so because it is unacceptable that unelected European judges think that they can tell elected Members of this British Parliament how we should treat British criminals who break British laws. I am sure that the vast majority of people in Britain find quite unpalatable the idea that we should allow the vote to prisoners convicted of such serious crimes as murder, rape and paedophilia—certainly the overwhelming majority of people in my constituency share that view.

We must remember that prisoners are incarcerated in secure prisons because they are considered to be a danger to the public and that they are in prison as punishment for their crimes. That punishment should include not only the loss of freedom, but the loss of certain rights enjoyed by law-abiding citizens. One such right is the ability to vote in elections, and I very much hope that right hon. and hon. Members on both sides of the House vote for the motion in large numbers. Doing so will make it very clear to the European Court of Human Rights that if a British citizen commits a crime serious enough to warrant incarceration in prison, that person will lose not only his or her freedom, but the privilege of voting in elections during their incarceration.

However, despite my passionate opposition to prisoners having the vote, I recognise the difficulty faced by the Government. It is clear that Ministers do not want to give votes to prisoners, but they feel obliged to abide by the ECHR ruling. A number of suggestions have been made as to how the Government could solve their dilemma and I wish to add my two-penn'orth. First, let us consider what we hope to achieve when we put people in prison.

Mark Reckless (Rochester and Strood) (Con): Does my hon. Friend agree that this House may assist the Government to get out of this dilemma by passing this motion, and that may set a positive precedent for dealing with the European Union and similar issues? If the Government do not succeed in getting agreement to reduce the EU budget, for example, this House should pass a motion resolving to do so, notwithstanding the European Communities Act 1972.

Gordon Henderson: It would be very odd if I did not agree with my hon. Friend.

The first reason for putting people in prison is to punish them, but there is a second reason, which has been mentioned by a number of hon. Members, including my hon. Friends the Members for Devizes (Claire Perry) and for Grantham and Stamford (Nick Boles), who are not in their places. That second reason is to rehabilitate people, so that after they are released they are not subsequently locked up again. Although I totally oppose allowing prisoners to vote while they are incarcerated in a secure prison, there is an argument for allowing them to vote once they are transferred to an open prison as part of their release back into society. If Ministers want a way out of the fix in which they find themselves, they

[Gordon Henderson]

should accept the motion, as I shall, as a starting point. However, in addition to the categories of prisoner for whom the vote is currently allowed, which are set out in the motion, they should add a category of all prisoners incarcerated in an open prison, including those transferred from a secure prison as part of their release programme.

Such an approach would have a number of advantages. First, it would obey the European Court of Human Rights' ruling by giving the vote to the majority of prisoners at some stage in their sentence. Secondly, it would allow the vote to those convicted of relatively minor offences and sent to open prison. Thirdly, it would address the arguments of those who claim that giving the vote to prisoners would encourage them to become useful members of society—which it does. Fourthly, it would deny the vote to those convicted of the most heinous crimes until they had served most of their sentence and were about to be released back into the community, when they would get the vote anyway.

I do not want prisoners to have the vote under any circumstances, but I understand the problem that the Government face and I ask them, if they feel forced to give any prisoner the vote, to consider what I believe would be a reasonable compromise.

5.5 pm

Stephen Phillips (Sleaford and North Hykeham) (Con): Notwithstanding the comments of my hon. Friends the Members for Worthing West (Sir Peter Bottomley) and for Broxtowe (Anna Soubry), the motion on the Order Paper in my name and that of right hon. and hon. Members on both sides of the House has been carefully crafted in light of the judgments delivered by the Grand Chamber in the Hirst case. For that reason, and given the limit on Back-Bench contributions, I shall confine my remarks to demonstrating why the motion is correct and why it is important that it receives support from hon. Members on both sides of the House.

The previous Government's decision to refer the Hirst matter to the Grand Chamber is something that we have to live with because of the rule of law. We have to respect the judgment that the Court handed down, whether we agree with it or not, but it is important to bear in mind that the decision in Hirst was far from unanimous. A powerful dissent was delivered by the president of the Court, in which he was joined by four other judges. I add that Judge Costa, who is now the president of the Court, also delivered a dissenting opinion. Those dissenting opinions correctly recognised the importance of the Court not interfering or being seen to interfere in domestic political issues.

Jeremy Corbyn: I am listening intently to the hon. and learned Gentleman. Does he recognise that those opinions dissented from the majority opinion of the Court? If we are to support the whole concept of the European convention on human rights and the Court, we have to accept its judgment.

Stephen Phillips: I am grateful for that intervention, but I ask the hon. Gentleman to listen to where I am going rather than to what he has heard so far.

The minority stressed that

"it is essential to bear in mind that the Court is not a legislator and should be careful not to assume legislative functions."

I make this point, in answer to the hon. Gentleman, because although I accept, as my right hon. and learned Friend the Attorney-General has made clear, that the Government are bound by the judgment in the Hirst case as between themselves and Mr Hirst, in the sense that it is res judicata between them, they are not bound in relation to future cases brought by other litigants. There is every prospect, given the debate that we are having today, that the judgment in Hirst would not be followed by the Grand Chamber in future should it come to consider the matter again. To be clear, if, as I trust will happen, there is a clear demonstration in the House today of the will of the people, through their democratically elected representatives, to maintain the status quo regarding the removal of voting rights from those who are subject to custodial sentences, I fail to see how that could not subsequently be respected by the courts of this country and by the Strasbourg Court should the matter have to be considered again.

As even the majority in Hirst recognised, there is a substantial margin of appreciation in the context of article 3 of the convention, and the fact remains that there is no consensus across Europe as to whether those serving custodial sentences should have their right to vote removed as a consequence of having put themselves outside the law. Indeed, it was notable in the judgment of the majority in the Grand Chamber that significant reliance had to be placed on decisions from Canada and South Africa. The hon. Member for Islington North (Jeremy Corbyn) quoted from the South African case. It is true that Canada and South Africa are both common law countries, but they have significant civil law traditions stemming from French law and Roman-Dutch law respectively.

The margin of appreciation in the context that is being discussed in the House means, or certainly ought to mean, that if the House passes the motion, as I hope it will, and if it decides that it does not believe, in the name of the people of the United Kingdom, that section 3 of the Representation of the People Act 1983 entails any breach of the human rights of the citizens of the United Kingdom, that, to my mind, must be an end of the matter. It will have to be recognised in the courts of this country. It will, I hope, be recognised by the Court in Strasbourg.

Ben Gummer: On that point, if the House expresses this opinion today, and if the Court takes that into account, and given that the article protects the totality of the democracy and not an individual right, will the Court not be subverting the convention itself if it persists along the course of action that it has begun?

Stephen Phillips: Yes, it will. One of the difficulties that the Government face, and which those arguing the case in the Grand Chamber faced, was the previous jurisprudence of the Court, where the article had been misconstrued well beyond its original purpose, to give rise to individual rights that the framers of the convention had never intended should come into being.

If there is a change in the approach of the Strasbourg Court, as there ought to be in light of the motion—assuming that it carries if there is a vote tonight—and if the Strasbourg Court were arrogantly and excessively to continue to seek to appropriate to itself the right to legislate for the people of the United Kingdom, the

Government and the House would have to look again at the matter. In those circumstances, it would be difficult to see what properly could be done other than to repatriate the right of the United Kingdom to have sole jurisdiction to decide the human rights of its citizens in its domestic courts, as a number of hon. Members have suggested.

For the present, however, what is necessary, and all that is necessary from those on both sides of the debate—from those who support the existence of the jurisdiction of the Strasbourg Court and those who do not, and from those who believe that we ought to be party to the European convention on human rights and those who do not—is that the motion receives support across the House, so that we make clear the position of the people of the United Kingdom through their elected representatives. For those reasons, I commend the motion to the House. I shall vote for it and I urge hon. Members of all parties to lend it their support.

5.12 pm

Priti Patel (Witham) (Con): It is a real pleasure to follow my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips) because I, too, support the motion and he has succinctly explained its purpose and outlined the challenges that confront us.

My contribution will be short because a great many views have already been aired. I agreed with many of the earlier speeches. My contribution very much stems from the fact that many of my constituents are outraged by the concept of votes for prisoners. I support the motion for two main reasons. First, we absolutely should maintain this country's long-standing law refusing prisoners the right to vote. Secondly, as I see it and as we have heard, it is fundamentally wrong and undemocratic for unelected and unaccountable judges in Europe to attempt to undermine the sovereignty of this Parliament.

Mr Matthew Offord (Hendon) (Con): Does my hon. Friend agree with me and people in my constituency that there is another reason that many people are unhappy about this debate? That is simply that decisions of the European Court of Human Rights is a further illustration of the fact that some people are keener to promote the rights of perpetrators of crime than those of victims of crime, as has also been shown in today's debate.

Priti Patel: Indeed I do, and I thank my hon. Friend for his contribution. The majority of the public believe that those who are convicted of criminal offences and sent to prison should forfeit their right to vote and not have the same rights as other members of society. I find it extraordinary that we are talking about the rights of convicted criminals—people in prison—rather than the rights of those who are the victims of crime.

The public are also fed up with the fact that the human rights agenda has been used to undermine our judicial process, and we now have the bizarre scenario where we are effectively talking about giving prisoners and convicted criminals more rights. There are also genuine concerns about the capitulation of successive Governments to these unelected judges in Strasbourg who are determined to expand their influence into areas of law that should not be anywhere within their jurisdiction. They are completely encroaching on that territory.

Robert Halfon: My hon. Friend makes a powerful case. Is she aware that in 2002, Sweden had a problem with an aspect of the convention and withdrew, then later went back into it? Why cannot we do the same on this issue?

Priti Patel: That is a good example. We need to start exercising our rights more vigorously and standing up for Britain and Britain's interests. This is why Parliament and the Government must stand up to the Strasbourg Court. I fundamentally believe that this Parliament should have the final say on this matter.

My constituents constantly make the point that they are outraged. They feel that the rights of criminals, as opposed to the rights of victims, are constantly discussed and put first. I was not sent to the House by the voters of Witham slavishly to nod through laws and accept every diktat that comes from Europe or the Strasbourg Court. I was elected to this House to defend the national interest, to support my constituents and to hold law-makers to account. It would be a great disservice to the British people if we were to say that the authority of this House and this Parliament is now so denuded, so irrelevant, that we are powerless to act, stand up, speak out and do the right thing in this Chamber. This is a democratic and sovereign Parliament, which has done more to promote democracy and the rule of law than any other. We should not be forced to bow down on this issue, and I urge all hon. Members to put Britain and the law-abiding majority of this country first by sending a clear and unequivocal message to Europe by supporting the motion.

5.17 pm

Lorely Burt (Solihull) (LD): I am probably the only Member of the House to have served as a prison officer and an assistant governor in Her Majesty's Prison Service, so I hope that I can throw a little light as well as heat on the debate.

Despite the disparaging comments of the hon. Member for Birmingham, Selly Oak (Steve McCabe), I can tell colleagues that working in a prison is very, very tough. I have been physically assaulted, tricked, verbally abused and just about everything in between, so I would definitely dispute any accusations of being a bleeding-heart liberal and a soft touch. It was a long time ago that I served in the Prison Service, and I hope things are different now, but when I was there prisoners were treated by many staff with contempt. They were regarded as the lowest of the low, and not deserving of the smallest consideration. People who write to me today to tell me how soft prison is do not necessarily understand the nature of the punishment that prisoners undergo.

There has been a lot of discussion about the terrible, heinous things that prisoners have done, and I in no way wish to detract from some of the terrible crimes that have been perpetrated, but I want to put the other side as well. More than half of people who are sentenced receive a sentence of six months or less. Around 70% of people come into prison addicted to class A drugs or alcohol. The offences committed by the women for whom I was responsible at Holloway were often minor, but persistent. They included fencing stolen goods and shoplifting, often to feed a habit. Many prisoners do commit cynical and premeditated offences, but some cherish hopes of returning to society and their families and behaving themselves, if they are given the chance. If

[Lorely Burt]

we want prisoners to leave prison and rejoin society as citizens who will work, pay taxes and become full members of our society, we must wake up to the idea that depriving them of their dignity and identity as well as their liberty is not the way to go about it.

When I was assistant governor of Holloway prison, I was put in charge of a wing of adult prisoners and the young offenders wing, and I can tell hon. Members that those girls had some of the least attractive personalities of any individuals I have ever met. They were disparaged and looked down on by prison officers throughout the jail. However, as part of my training I spent time with the probation service and at a mental hospital, and the frantic and destructive behaviour of some of the girls started to make sense. They had suffered all forms of abuse, many so awful that they would shock even those hon. Members who have dealt with abuse situations. That is the context in which we are working.

When we take away a prisoner's human rights, we deny their humanity. We are telling them that they are worthless and reinforcing their isolation from the world.

Nick de Bois (Enfield North) (Con): I have listened carefully to the hon. Lady and to her last suggestion that we are taking away prisoners' human rights. Are we not simply taking away a civil right, rather than a human right?

Lorely Burt: I believe that it is a human right, as I have said a number of times, and it is categorised as such by the convention. I will give the last word to Juliet Lyon CBE, chief executive of the Prison Reform Trust, who sums it up well:

"Hanging onto a 19th century punishment of civic death is legally and morally wrong. The outdated ban on prisoners voting has no place in a modern prison service, which is about rehabilitation and respect for the rule of law."

Mr Tom Harris: Will the hon. Lady give way?

Lorely Burt: No, I will not give way again. Colleagues, let us move forward today, rather than backward. I will not be supporting the motion.

5.22 pm

Mr Robert Buckland (South Swindon) (Con): We have had an interesting debate and a number of ideas have come forward from both the Front and, most notably, Back Benches. In the spirit of the invitation of the Attorney-General, who made his remarks in the middle of the debate, I think that it is incumbent on us all to come up with constructive suggestions on how we move forward. Before doing so, I want to say that the debate epitomises the age-old tension between the judiciary and the legislature. It is not something we should apologise for; frankly, it is entirely natural.

There are times when the concept that politicians make the laws and judges merely enforce them comes under severe strain, and this is one such occasion. Often, the fault lies here, with politicians, because of poor and unclear drafting of legislation. Judges will often have the difficult task of interpreting unclear provisions—I pray in aid the Criminal Justice Act 2003, for example—and will do their best to clear up the spilt milk that we politicians have left them. However, there are times when the hand of judicial activism can be seen. Nowhere is that more true, I am afraid, than in the European Court of Human Rights.

We have heard much about the original conception of fundamental rights and freedoms, and I associate myself with those remarks. What has clearly occurred is a move from a concept of the guardianship of fundamental liberty to one of pettifogging interference with the mechanisms of liberty itself.

Robert Halfon: Will my hon. Friend give way?

Mr Buckland: I will not, because other hon. Members wish to speak, and I do not want to eat into their time.

In this country, the concept of human rights has become associated not with the far-sighted words of Sir Winston Churchill or the careful drafting of Lord Kilmuir, but with the rather grisly spectre of ambulance-chasing lawyers, scuttling around our prisons, encouraging inmates to think not about the right to vote, but about the prospect of compensation. We should all reflect on that; it is a sad reflection of where human rights have sunk to in the public's perception.

We need to return to the concept of basic rights. The right to vote is not in my view a fundamental freedom of itself. It is the expression of a freedom, of a constitutional right, but it is not of itself a fundamental human right. The suffrage is age-restricted, for example; it depends on electoral registration; and it is a mechanism for expressing our freedom, not the very freedom itself. That is where I am afraid the hon. Member for Solihull (Lorely Burt) gets it wrong. There is a distinction to be made, but it is a distinction that the European Court has blurred—and blurred dangerously through its majority decision in the case of Hirst.

I said that the right to vote is an ancillary to freedom, and equally the loss of the right to vote by a prisoner is an ancillary consequence of incarceration. The punishment is the deprivation of the fundamental freedom that is liberty; one consequence is the loss of the right to vote. They go hand in hand, and the eloquent words of my hon. Friend the Member for Ipswich (Ben Gummer) cannot be improved on. Much has been said about the misnomer of a "blanket ban", and that point needs to be reinforced.

I should like to make a suggestion, which I think my hon. Friend the Member for Broxtowe (Anna Soubry) presaged, but whom I forgive. It is an observation based on the majority decision in the Hirst case. The criteria that troubled the majority there were the nature or gravity of the offence and the individual circumstances. We should move away from worrying about the length of the sentence and look at where we deal with the case. We deal with our most serious cases in the Crown court, and there should be a presumption of the loss of the right to vote for all defendants who are dealt with in that higher court.

We could observe the reverse to be true in the lower or magistrates court. I am reluctant to support the concept of judicial discretion, which brings judges into the political sphere and leads to an effective reduction in the loss of the right to vote. For all those reasons, I support the motion.

5.28 pm

Bob Blackman (Harrow East) (Con): We have had an excellent debate. Indeed, it has shown the House at its best: the opportunity to debate the issues of the day, without being whipped on how we vote at the end.

I come to the debate not as a lawyer but with a background in science and mathematics, and as such I treat these issues with logic. My starting point is that Parliament sets the rules—it sets the laws. It decides what is a criminal offence and what is not, and what the range of a sentence should be when someone has broken the law and is guilty of such a criminal offence. It is then for the judges to determine, after someone has been found guilty, what sentence they serve, and the current position is clear: if they are imprisoned, they lose their right to vote.

There is a grave danger, however, in our saying to the judges, "You can decide whether someone should be sent to prison, how long they should lose the vote for, and whether it should be three months, six months or whatever." Equally, there is an inherent danger, because judges might have in the back of their minds the fact that, if they sentence someone to two years' imprisonment, that person will lose their vote, but if they imprison them for only one year, that person will keep it. That would leave the judges to make the judgment. That is fundamentally wrong in society, and we should shy away from it.

Stephen Williams (Bristol West) (LD): Is not the solution that judges should have discretion over whether to withhold the right to vote rather than its being part of a sentence?

Bob Blackman: The logic that flows from that is that when judges decide that someone goes to prison, that person should lose their right to vote, full stop, without any slippery slope in the other direction.

Damian Collins: I am not saying that I agree with my hon. Friend, but judges already have a power to decide whether someone can stand for Parliament, because someone who serves more than a year in prison cannot stand for election as a prisoner, but someone who is serving less than a year can stand and be elected to this House.

Bob Blackman: I thank my hon. Friend for that intervention.

I would argue strongly that the Government should not make any proposals that place limitations on the time served before someone has their vote taken away. That is a slippery slope, and we should not allow the judiciary to take that position. We should clearly adopt that position as a House.

Having had this challenge from the Court of Human Rights in Strasbourg, to which we must respond, we have heard in this debate the voice of the House of Commons. I suspect that when we come to vote there will be an overwhelming majority in favour of this motion. The Government could therefore propose very simple legislation saying that anyone convicted of a criminal offence that results in their going to prison loses their right to vote. That will respond to the challenge that the Court of Human Rights has set us. The House of Commons will consider that legislation, as will the House of Lords, and it will command respect and endorsement from all parties in the House. That will end this ongoing argument with the Court of Human Rights once and for all, and reassert the sovereignty of this Parliament and its position over the Court of Human Rights.

Why should we not suggest that to the Government? We have heard many ideas from colleagues on the approach that we should take. I ask the Attorney-General and the Government to take note of all the suggestions that we have put as Members of the House of Commons and come forward with simple legislation that we can all endorse and support. That will send a strong message to the people who would subvert our democracy and try to prevent our Parliament from being sovereign. It will tell them that that is our answer, and that it is clear and unambiguous, once and for all. I strongly support the motion.

5.32 pm

Richard Drax (South Dorset) (Con): I have heard the word "rights" used a lot this afternoon, but surely equal weight should be given to the word "responsibilities". If someone behaves irresponsibly—criminally—they should lose those rights. My right hon. and learned Friend the Attorney-General said that he is angry about this issue, and the Prime Minister has been quoted as saying that it makes him feel sick. I suggest a remedy—a constructive one, may I humbly add?—and that is a steely spine and a determination to rid us of all these human rights laws. It beggars belief that we are having to discuss this subject at all. It only reminds us in this House how impotent we really are. Tied to the well-intended European convention on human rights, subjugated by judges and bureaucrats in Europe, and told we may have to pay £100 million to disfranchised prisoners, we are left humiliated in this place.

Preventing prisoners from having the right to vote is a point of principle for us all. They lost it in 1870, and my constituents say that they should not get it back today. I agree with the former Law Lord, Lord Hoffmann, that while democracy and freedom are certainly human rights, the right to vote is a constitutional right and is therefore different. In my view, prisons should punish. I appreciate that moves are afoot for the emphasis to be more on rehabilitation. I implore our Government that that must not be at the expense of justice.

There are two prisons in my constituency, HMP The Verne and the young offenders institution, both of which are on Portland. The Prison Officers Association already believes that prison today is no deterrent. We hear repeatedly of repeat offenders, and why? It is because there is no deterrent. Most law-abiding citizens do not have the rights and privileges that prisoners have. That is what I hear from those who guard today's prisoners.

I understand that the Government are considering pursuing the minimum legal requirements laid down in the European Court of Human Rights ruling. As I understand it, that would mean withdrawing the right to vote from the most serious offenders: those who have been incarcerated for four years or more. With respect, that misses the point entirely. It would be an ill-considered fudge brought upon us by our coalition partners. It was always a Lib Dem promise—never ours. Such a fudge will encourage prisoners to sue the Government. Already,

[Richard Drax]

we hear that lawyers are circling like vultures, waiting for convicted men and women to make financial gain from this farce.

Sir Peter Bottomley: Would it not be best, therefore, to set the penalty at the cost of a bottle of House of Commons Speaker's whisky, which is £20, and then to limit the legal aid to the sum that could be gained, or the case would be dropped?

Richard Drax: My hon. Friend is much more learned than I am, and he makes an interesting point.

Finally, I shall touch on the mechanics of giving prisoners the vote. How will we do it? Will we canvass prison cells? Will we knock on each door and ask, "What can we do to get you to vote for us?" Might murders and rapists affect the outcome of an election in a marginal seat? It sounds ridiculous and it is ridiculous. It is also completely unworkable. Surely our criminal justice system is for us and us alone.

During the election, we promised a British Bill of Rights that would balance a citizen's rights more carefully with their responsibilities. It is time that we replaced the European convention on human rights. As one of the oldest democracies on Earth, I think we can be trusted to look after our citizens.

Mr Speaker: To wind up this Back Bench-led debate, I call the hon. Member for Esher and Walton (Mr Raab).

5.37 pm

Mr Dominic Raab (Esher and Walton) (Con): Thank you, Mr Speaker. I wish to pay my thanks to the Backbench Business Committee, and to pay tribute to my hon. Friend the Member for Kettering (Mr Hollobone), who initiated an earlier debate on the same subject, which was extremely useful.

It is a privilege to wind up this debate after so many excellent speeches from all parts of the House. There have been insightful contributions on the criminal justice aspect on both sides of the debate: my hon. Friend the Member for Witham (Priti Patel) was on suitably robust form and the hon. Member for Carshalton and Wallington (Tom Brake) made an eloquent contribution on the other side of the argument. We have heard compelling arguments about democratic accountability from my hon. Friends the Members for St Albans (Mrs Main) and for Gillingham and Rainham (Rehman Chishti). There were valuable contributions on the history of the convention from my right hon. Friend the Member for Hitchin and Harpenden (Mr Lilley) and my hon. Friend the Member for Aldridge-Brownhills (Mr Shepherd).

I will start even further back. The House will recall that Alfred the Great was notorious for smiting Vikings, but he was not just a bruiser.

Chris Bryant: The hon. Member for North East Somerset (Jacob Rees-Mogg) can remember. He was there.

Mr Raab: I give way to my hon. Friend.

Jacob Rees-Mogg (North East Somerset) (Con): I thank my hon. Friend for giving way. King Alfred was a good Somerset man who did his duty to rescue us not only from Vikings, but from high taxation.

Mr Raab: In the year 888, he was translating "The Consolation of Philosophy" from Latin and he asked a basic existential question: are we determined by fate or do we possess free will? He answered in favour of free will. When he translated the Latin word "libertas", he used the word "freedom"—"free" as in free from bondage, and "dom", for which we would now say "deem", meaning "conscious" of being free. Freedom was linked to free will and the basic idea that we take responsibility for our actions. That is how the word "freedom" entered our language in the first place, and it is what today's debate is about.

If a person commits a serious enough crime to be sent to prison, they forfeit the right to vote, along with their liberty, for the limited period of their incarceration. We have come a long way since the year 888, but our tradition of liberty sustains the basic idea that with freedom comes responsibility. When the European convention on human rights was negotiated in 1949, that remained a guiding principle, so when the French proposed including a right to vote it was rejected because the draft contained the words "universal suffrage". The British delegate, Sir Oscar Dowson, a former Home Office legal adviser, stated:

> "In no State is the right to vote enjoyed even by citizens without qualifications. The qualifications required differ from State to State...And it is our view that the variety of circumstances to be considered may justify the imposition of a variety of qualifications, as a condition of the exercise of suffrage".

Robert Halfon: I thank my hon. Friend for giving way and for his important point. Does he agree that the founders of the European convention on human rights, who did what they did because of what had happened in world war two, would never have wanted to give Rudolf Hess and Albert Speer the vote?

Mr Raab: My hon. Friend makes an important point, and of course he is absolutely right.

The context of Sir Oscar Dowson's comments is that when the convention was negotiated Britain barred peers, felons and the insane from voting. The British argument was accepted and the French proposal withdrawn, and when the right to vote reappeared in the protocol, not the convention, two years later, the words "universal suffrage" had been deleted. There can be absolutely no doubt that the protocol was explicitly designed to allow states to ban prisoner voting and impose other restrictions. As a matter of international law and a basic canon of treaty interpretation, Strasbourg should have taken that into account if there were any doubt, but it failed to do so. In doing so, it undermined international law.

Of course, that was not a one-off case. From the time of the Tyrer case against Britain in 1978, Strasbourg started referring to the European convention as a "living instrument". The Court said that its job was not just to interpret and apply convention rights but to expand and update them. The judges assumed the powers of legislators, without any mandate or any basis in the convention, and in defiance of international law and the basic democratic principle that states are bound by the international obligations to which they freely sign up.

From then on, in the UK alone, Strasbourg rewrote the law of negligence as it applies to the police in the Osman case; created novel fetters on our ability to deport criminals and terror suspects in the Chahal case

and a whole series of article 8 cases since; and overturned both a British jury and the will of Parliament to dictate the rules governing how parents may discipline their children. There are many other examples. Let me be clear about this: Members may reasonably disagree on all those difficult policy and ethical questions, but all democrats must agree that they are questions to be answered by this House—by elected law makers.

One concern expressed in the debate has been about the idea of Britain defying a court, undermining the rule of law. As a public international lawyer, trained and practised, I pay close attention to that matter. However, there is another factor to consider. Impartiality and independence are the pillars of the judicial function, and they begin to crumble if judges are both interpreting and creating human rights law at the same time. That is now a far greater threat to the rule of law, the separation of powers and our basic notions of democratic accountability.

The motion is not about pandering to some populist agenda. I fully support prison reform, as other Members throughout the Chamber have said they do, including more drug rehabilitation, more training and more work in prisons. Nor is it anti-judge. Some of our most senior judges are now openly criticising Strasbourg—the Lord Chief Justice, the President of the Supreme Court and Lord Hoffmann, who until recently was our second most senior Law Lord. Lord Hoffman did so not just in the recent Policy Exchange report, but way back when he complained that Strasbourg had proved

> "unable to resist the temptation to aggrandise its jurisdiction and to impose uniform rules on Member States. It considers itself the equivalent of the Supreme Court of the United States, laying down a federal law of Europe."

That was back in 2009.

The fact is that we face a serious abuse of power—there is no other word for it. I therefore want to put this question to the House: how perverse would a Strasbourg ruling have to be before we, as British lawmakers, stood up for the national interest and our prerogatives as democratic lawmakers? If not now, on prisoner voting, when? I make this prediction: if we do not hold the line here, today, there will be worse to come—far worse—in the years ahead.

What happens if we agree to the motion? Strasbourg could rule against us and we could face compensation awards. However, the architects of the convention introduced a vital safeguard: Strasbourg cannot enforce its own judgments. The worst that can happen is that we remain on a very long list of unenforced judgments to be reviewed by the Committee of Ministers—there are about 800 such judgments at the moment. There is no risk of a fine and no power to enforce compensation, and absolutely no chance of being kicked out of the Council of Europe.

A number of compromise solutions have been mooted, and I have paid careful attention to each and every one. The problem is that giving the vote to prisoners sentenced to six months or less or a year or less is not a compromise, because it is bound to be rejected by Strasbourg. The Court made that crystal clear in the Frodl case last year, and the Council of Europe commissioner for human rights, Thomas Hammarberg, stated that unequivocally on Radio 4 last Saturday. Such so-called compromise proposals are the worst of all worlds. We buckle and accept the erosion of our democracy and Strasbourg rejects the compromise anyway.

It is time that we drew a line in the sand and sent this very clear message back: this House will decide whether prisoners get the vote, and this House makes the laws of the land, because this House is accountable to the British people. I commend the motion to the House.

Question put.

The House divided: Ayes 234, Noes 22.

Division No. 199] **[5.47 pm**

AYES

Afriyie, Adam
Amess, Mr David
Andrew, Stuart
Austin, Ian
Bacon, Mr Richard
Bailey, Mr Adrian
Baker, Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barron, rh Mr Kevin
Barwell, Gavin
Begg, Dame Anne
Bell, Sir Stuart
Benton, Mr Joe
Betts, Mr Clive
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blenkinsop, Tom
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Brennan, Kevin
Bridgen, Andrew
Brine, Mr Steve
Brown, rh Mr Nicholas
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Byles, Dan
Cairns, Alun
Cairns, David
Campbell, Mr Alan
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Connarty, Michael
Cox, Mr Geoffrey
Crausby, Mr David
Creasy, Stella
Crouch, Tracey
Cunningham, Tony
Davidson, Mr Ian
Davies, David T. C. *(Monmouth)*
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Dobbin, Jim
Docherty, Thomas
Dodds, rh Mr Nigel
Dorries, Nadine
Dowd, Jim
Doyle, Gemma
Doyle-Price, Jackie
Drax, Richard
Dugher, Michael
Ellis, Michael
Elphicke, Charlie
Engel, Natascha
Eustice, George
Evans, Graham
Evennett, Mr David
Fallon, Michael
Field, Mr Mark
Fitzpatrick, Jim
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gapes, Mike
Garnier, Mark
Gilbert, Stephen
Glindon, Mrs Mary
Goggins, rh Paul
Goldsmith, Zac
Graham, Richard
Gray, Mr James
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hamilton, Mr David
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harris, Rebecca
Harris, Mr Tom
Hart, Simon
Heaton-Harris, Chris
Henderson, Gordon
Hinds, Damian
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Holloway, Mr Adam
Hosie, Stewart
Jackson, Mr Stewart
Javid, Sajid
Jenkin, Mr Bernard
Johnson, rh Alan
Johnson, Diana
Johnson, Gareth

Johnson, Joseph
Jones, Andrew
Jones, Mr Kevan
Jones, Mr Marcus
Jones, Susan Elan
Keeley, Barbara
Kelly, Chris
Kirby, Simon
Kwarteng, Kwasi
Laing, Mrs Eleanor
Latham, Pauline
Leadsom, Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Leslie, Chris
Lewis, Brandon
Lewis, Dr Julian
Lilley, rh Mr Peter
Lopresti, Jack
Lucas, Ian
Main, Mrs Anne
Maynard, Paul
McCabe, Steve
McCann, Mr Michael
McCartney, Jason
McCartney, Karl
McClymont, Gregg
McGovern, Jim
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Michael, rh Alun
Mills, Nigel
Mitchell, Austin
Morgan, Nicky
Morris, Grahame M. *(Easington)*
Morris, James
Mosley, Stephen
Murray, Sheryll
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Ottaway, Richard
Owen, Albert
Paisley, Ian
Patel, Priti
Pawsey, Mark
Percy, Andrew
Perry, Claire
Phillips, Stephen
Phillipson, Bridget
Pincher, Christopher
Poulter, Dr Daniel
Pound, Stephen
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Robertson, Mr Laurence
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Singh, Mr Marsha
Skidmore, Chris
Skinner, Mr Dennis
Smith, Henry
Smith, Julian
Spellar, rh Mr John
Stanley, rh Sir John
Stewart, Iain
Straw, rh Mr Jack
Streeter, Mr Gary
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr Graham
Sturdy, Julian
Syms, Mr Robert
Tami, Mark
Tapsell, Sir Peter
Timms, rh Stephen
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Walter, Mr Robert
Watson, Mr Tom
Weatherley, Mike
Weir, Mr Mike
Wharton, James
Wheeler, Heather
White, Chris
Whiteford, Dr Eilidh
Whittaker, Craig
Whittingdale, Mr John
Wicks, rh Malcolm
Williamson, Gavin
Wilson, Phil
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, David
Wright, Mr Iain
Zahawi, Nadhim

Tellers for the Ayes:
Mr Roger Gale and
Mr Philip Hollobone

NOES

Beith, rh Sir Alan
Bottomley, Sir Peter
Brake, Tom
Edwards, Jonathan
Foster, rh Mr Don
Gardiner, Barry
Green, Kate
Hames, Duncan
Hermon, Lady
Hughes, rh Simon
Huppert, Dr Julian
Jackson, Glenda
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
McCarthy, Kerry
McDonnell, John
Munt, Tessa
Qureshi, Yasmin
Reid, Mr Alan
Williams, Hywel
Williams, Stephen

Tellers for the Noes:
Jeremy Corbyn and
Lorely Burt

Question accordingly agreed to.

Resolved,

That this House notes the ruling of the European Court of Human Rights in Hirst v. the United Kingdom in which it held that there had been no substantive debate by members of the legislature on the continued justification for maintaining a general restriction on the right of prisoners to vote; acknowledges the treaty obligations of the UK; is of the opinion that legislative decisions of this nature should be a matter for democratically-elected lawmakers; and supports the current situation in which no prisoner is able to vote except those imprisoned for contempt, default or on remand.

Children in Care

Motion made, and Question proposed, That this House do now adjourn.—*(Angela Watkinson.)*

Mr Speaker: Before I ask Mr Edward Timpson to speak to the motion, may I appeal to hon. and right hon. Members who are leaving the Chamber to do so quickly and quietly, affording to the hon. Gentleman the same courtesy that they would want extended to themselves in such circumstances?

6 pm

Mr Edward Timpson (Crewe and Nantwich) (Con): Mr Speaker, I should like to begin by thanking you for granting this short but none the less invaluable and timely debate on improving outcomes for children in care. With Eileen Munro's final report on child protection due out in April, the spotlight on looked-after children in this country is rightly intensifying, as we strive to narrow not the gap but the chasm that still exists between the life chances of children in care and others. As chairman of the all-party parliamentary group on looked-after children and care leavers, I was disappointed not to be able to contribute to the recent excellent Backbench Business Committee debate on disadvantaged children, which was opened with great force by my hon. Friend the Member for East Hampshire (Damian Hinds). I am therefore delighted to have this opportunity to speak up for all those children and young people in care.

I also declare an interest as a non-practising family law barrister specialising in care cases and, perhaps more importantly, as someone who shared their home for more than 30 years with 90 foster children and two adopted brothers. I have no doubt that that experience not only shaped and hardened my strong sense of social justice but propelled what some would argue was my misplaced desire to come to this place and fight for better outcomes for children in care. Indeed, I had no hesitation in using my maiden speech almost three years ago to do just that.

I want to pay a warm—and, I stress, in no way sycophantic—tribute to the Under-Secretary of State for Education, my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton), who is replying to the debate today. He has shown a profound interest in and deep knowledge of this subject. In government, he has embarked on the direct, purposeful, common-sense programme of reform that he advocated in opposition. As he has said, the programme is committed to

"infusing the entire care system with a culture of aspiration, hope and optimism for each young person".

I am sure that his recent appearance before the all-party group, when more than 100 passionate young people came to Parliament to make their views known directly—and, on occasion, quite forcefully—to the Minister, did not put him off his stride. Instead, I am sure that the experience provided him with ample proof of the importance of the work that he has undertaken.

I am sure that much of what I am about to say will sound as though I am teaching the Minister to suck eggs, but I hope to persuade him that, in supporting his efforts, there is even more we can do to help children in care to overcome the odds that are still so heavily stacked against them. Let us look at the facts. Looked-after children are four times more likely than others to receive the help of mental health services, nine times more likely to have special needs requiring assessment, support and therapy, seven times more likely to misuse alcohol and drugs, 50 times more likely to end up in prison, 60 times more likely to become homeless, and 66 times more likely to have children of their own who will need public care. As if that were not enough, there are four times fewer children in care getting five good GCSEs including English and maths than their peers.

The financial and societal cost of those appalling statistics is heavy. According to Demos's recent report "In Loco Parentis", published last year, a young person who leaves care at 16 with poor mental health and no recognised qualifications could cost the state more than five times as much as one who leaves care with good mental health and strong relationships and who goes on to university or an apprenticeship and finds a job. The costs to society are, perhaps, immeasurable.

I recognise that there are a number of counter-arguments to the picture that I have just painted. We must exercise a degree of caution about making direct, unqualified comparisons between children who have been through the care system and those who have not. In too many cases, children who enter the care system are already deeply damaged by their early-life experiences, which even the best possible care might be unable to unravel and overcome by the time they reach adulthood. We must therefore be careful to view such children's outcomes in that context.

We must also acknowledge the tremendous amount of fantastic care and support that is benefiting thousands of children in care every day. I have seen it and lived with it myself; I have witnessed at first hand what good parenting and appropriate emotional support can achieve. We should not forget that there are many children whose time in care was an enriching life-changing experience that led to a successful career and a fulfilling personal life. We need to be better and more open about accentuating the positive work that is done and not drag all those who work in the care system down with the structural failures within it.

In many ways, we do not have a single care system, but more of a fragmented patchwork of care systems where good practice thrives in some parts of the country, despite the design of the system. In other areas, however, as noted in the Select Committee report on looked-after children during the last Parliament:

"The quality of experience that children have in care seems to be governed by luck to an...unacceptable degree".

Let us be clear. As I know the Minister accepts and appreciates, there is no quick fix. This is going to require a cross-party commitment over a generation to build a care system that is proactive, responsive, joined up and brimming with high-quality multidisciplinary support, giving a real and enduring priority to improving outcomes for children both in and on the edge of care.

As Sean Cameron and Colin Maginn lay down in their paper of March 2007:

"The challenge for social work is to provide the quality of care and support that is to be found not just in the average family home, but also in the most functional of families."

So how do we achieve that end?

Based on strong body of evidence and research by Demos, the three main factors associated with achieving the most positive experiences of care and the best

[Mr Edward Timpson]

outcomes for looked-after children are: first, early intervention and minimal delay; secondly, stability during care; and, thirdly, supported transitions into independence. This is backed up by Mike Stein of the Joseph Rowntree Foundation, who similarly identified the priorities for ensuring resilience and well-being for looked-after children in later life as preventing children entering the care system through pre-care intervention, improving their care experience and supporting young people's transitions from care.

The fact is that we need a comprehensive response at all stages of childhood, but there is unquestionably in my mind, amid a growing consensus, the need for a strong emphasis on and commitment to early intervention and prevention, which are absolutely key. The hon. Member for Nottingham North (Mr Allen)—a standard bearer for all things early intervention—said in his latest report, which was commissioned by my right hon. Friend the Prime Minister, that

"we need to rebalance the current culture of 'late reaction' to social problems to help create the essential social and emotional bedrock for all children to reap the social, individual and economic rewards."

To that end, I welcome the Government's financial commitment to that programme through the early-intervention grant, the expansion of family nurse partnerships and the widening of free nursery care for two-year-olds. Like others, I would also want to highlight the superb work done by Home-Start in my Crewe and Nantwich constituency and across the country to help families struggling with the demands of very young children. They deserve proper and longer-term support, so I look forward to the Minister taking the opportunity today to reiterate that to local authorities in no uncertain terms.

By getting in early before problems become entrenched, Action for Children and the New Economics Foundation have calculated a potential saving to the economy of £486 billion over 20 years—imagine that. Just as relevant would be the transformation of life chances for so many young people. The brutal truth is, however, that even with more targeted and consistent preventive work, there will still be children who need the state to intervene in their lives. For them, stability is the foundation stone.

Young people who experience stable placements providing good-quality care are far more likely to succeed educationally, to be in work, to settle in and manage their accommodation after leaving care, to feel better about themselves and to achieve satisfactory social integration into adulthood than young people who have experienced further movement and disruption during their time in care. With stability comes the security as well as the time for children to develop those all-important secure attachments, but much of that is undermined by frequent and disruptive moves, which are too often a feature of a child's experience in care. As one year 8 child in care put it:

"What was the point in trying to please people, because you would just get moved on again?"

Children need and want a sense of belonging, of family, to feel reciprocal emotional warmth and to have someone who loves them unconditionally and believes in them.

It is true that in recent years there has been a small drop in the number of looked-after children with three or more placements during the year, but there is still a long way to go. We are short of about 10,000 foster carers. Given that foster placements make up about three quarters of all care placements, and given that in 2010 the number of looked-after children stood at 64,400—up 6% on 2009—a relentless recruitment and retention drive for foster carers remains crucial if we are to increase the prospect of providing every child with the right placement, rather than providing the right child for the placement.

However, foster carers are only part of the stability equation. The recruitment and retention of social workers continues to cause concern, which is the driving force behind the Government's new "step up to social work" scheme. With a high staff churn rate comes more instability for the child. That is not new. Lord Laming, Moira Gibb and, most recently, Eileen Munro have produced reports in the last few years that pinpoint the tick-box culture that has spread its tentacles across social work and has sapped the morale and professional judgment of social workers. Eileen Munro hit the nail on the head when she said:

"Compliance with regulation and rules often drives professional practice more than sound judgment drawn from freed up social workers spending meaningful time interacting and building a trusting relationship with children, young people and families."

As the Minister has said previously, taking a child into care is not a science but a subjective judgment. To be able to make that and other judgments correctly requires experience, consistency, and the time and space that make it possible to really understand the needs of a particular child. A change of social worker every five minutes will not lead to good child-focused decisions. But it does not have to be that way.

I am conducting a cross-party inquiry into the educational attainment of looked-after children, with the welcome support of the hon. Member for Wigan (Lisa Nandy) and Lord Listowel. A few weeks ago we visited Hackney children's services to observe the way in which children's social care in the borough had undergone a complete shift in the culture of practice and management by reclaiming social work through the establishment of social work units. There are teams consisting of a social worker, a family therapist, a children's practitioner, a unit co-ordinator who takes all the red tape out of the hands of the social worker, and a consultant social worker who, under the old system, would have gone into management and had little or no contact with children of families, but is now using his or her experience on the front line.

The results have been dramatic. We have seen a reduction in the number of looked-after children from 470 to 270, a reduction in the number of agency staff from 50% to just 7%, a 50% reduction in sickness levels, a 5% reduction in overall costs, high levels of morale, and a strong increase in academic achievement among the children in the care of those teams. That example of best practice shows what is possible at a lower cost. Other local authorities have shown an interest in copying the model, but let us make sure that they all know about it. The Government have rightly embarked on a trial of flexible assessment time scales enabling social workers to exercise their professional judgment more effectively, and I note that Hackney council is among those taking part.

Despite those welcome initiatives, the lines of accountability in local authorities remain cluttered, blurred and confusing. Local safeguarding children boards, directors of children's services, children's trusts, children in care councils, virtual school heads, corporate parenting boards, independent reviewing officers and others are all there to champion the voice of the vulnerable child, but, as Roger Morgan, the children's rights director, will confirm, many children in care feel that their voices are lost in the myriad management decisions being made in their name. The problem needs to be sorted out. I would welcome a commitment from the Minister to look formally into how the voice of children in care can be better and more clearly represented, so that all who act as corporate parents have them constantly at the forefront of their thoughts, words and deeds.

I mentioned my current inquiry into the educational attainment of looked-after children. I do not want to pre-empt its outcome, but the very fact of its existence demonstrates the central role that education plays in improving outcomes for children in care. Evidence that the inquiry has taken from young people in or leaving care suggests strongly that when they have had a stable educational experience not only are their prospects of future employability and independent living greatly enhanced, but their self-esteem, confidence and belief in themselves are significantly boosted. That is why I am reassured by the Government's guarantees that all looked-after children will receive the pupil premium, and that that additional money will be attached—metaphorically speaking—to all children wherever their education is taking place. However, it would be remiss of me not to add a further plea to my hon. Friend the Minister. If it is right that the personal education allowance is to be rolled into the pupil premium, I urge him to make robust representations to his ministerial colleagues in the Department and the Treasury and to put to them the compelling case for looked-after children to receive an additional sum—a pupil premium-plus, as it were—to reflect their often acute problems, and therefore their heightened need for one-to-one support, psychological input such as cognitive behavioural therapy and other specific interventions relevant to ensuring their prospects at school are not compromised in any way by their looked-after status.

Good quality support does reap rewards. We need only look at the achievements of the Horizon centre in Ealing, which was opened by the Minister and which I recently visited. Through offering young people in and leaving care a safe space where they can get financial, emotional and psychological support, and education and training, the centre has helped to increase the number of children in Ealing borough going to university from 7% to almost 20%. It is an example to others that the transition from care into independence can be successful with the right level and length of support. The so-called cliff-edge that many children leaving care face needs to become a thing of the past, and be replaced by an appropriate and incremental release of support backed up by a safety net when needed, something their peers—who on average do not now leave home until the age of 25—often take for granted, me included. Why should looked-after children be any different?

If time had allowed, I would have wanted to cover much more ground, but before giving the Minister his opportunity to reply, there are four specific issues I want him to respond to in detail, if not today, then at a later date. First, we need to widen the range and choice of care. At present, about 14% of looked-after children are in a residential setting. That may be too high, or it may be too low; I simply do not know. Yet in Denmark and Germany more than half of looked-after children are in residential care. Why the huge difference? Is residential care in our country now seen as a placement of last resort? As my hon. Friend the Minister has said, there is scope for seeing whether a greater use of children's homes is appropriate. The Select Committee report on looked-after children to which I have referred stated that

> "the potential of the residential sector to offer high quality, stable placements for a minority of young people is too often dismissed. With enforcement of higher standards, greater investment in skills, and a reconsideration of the theoretical basis for residential care, we believe that it could make a significant contribution to good quality placement choice for young people."

Indeed, the New Economics Foundation report, "A False Economy", estimated that for every pound invested in providing an appropriate residential placement leading to good outcomes, a return of between £4 and £7 was created for the economy. With the continued shortage of foster carers and the hit-and-miss aspect of matching children to the right placement still prevalent, I invite the Minister to consider seriously the case for a full and proper national review of residential care, to ensure we can be confident that we are offering children the right placement for them, not simply the only placement available.

Secondly, on looked-after children in custody, I urge the Minister to look urgently at ending the continuing and unjustified anomaly whereby, unlike a child placed under a care order, a looked-after child who was voluntary accommodated prior to custody loses their looked-after status on entering custody and therefore the support of their social worker and other key professionals. I know that people's minds have been on prisons for another reason today, but this is a serious issue that merits action. I know that my hon. Friend the Minister spoke in favour of putting this discrepancy right during the Committee stage of the Bill that became the Children and Young Persons Act 2008, so I hope that now he is in a position to do something about it, he will do so.

Thirdly, I echo the words of Sir Nicholas Wall, president of the family division, who has called for the prioritising of children's cases in court above all other family law proceedings, especially judicial decisions on placement in care and adoption. I am aware that there is currently a review of all aspects of family law, so I hope this plea from our most senior family judge does not go unheeded.

Fourthly, more than 3,000 unaccompanied asylum-seeking children are being looked after by local authorities, but there continue to be concerns about their access to fundamental services such as education, as well as their vulnerability to trafficking. I know the Minister is vexed by this issue and trust he will look into it closely.

I do not doubt that this Government and all previous Governments of whatever political hue have been, and are, determined to improve outcomes for children in care. So am I. With the tightening of purse-strings, the temptation for some will be to continue on a course of crisis management. My message to the Government, local authorities and all those who work with children in care is this: "Be bold, be smart and, above all, show you really care."

6.19 pm

The Parliamentary Under-Secretary of State for Education (Tim Loughton): As is conventional, I start by congratulating my hon. Friend the Member for Crewe and Nantwich (Mr Timpson) on securing this debate on a vital subject that is too little aired in this House. I also congratulate him on one of the best-informed Adjournment debate speeches that I have heard in this place. The quality of his speech was not surprising. I am something of an amateur on this subject compared with him, because he has vast experience. As he said, he is no stranger to the experiences of looked-after children; I know that he grew up with many of the prolific number of children whom his parents fostered over a period of 30 years and with his adopted siblings. He understands first hand the challenges that they face and he is leading a cross-party inquiry into their outcomes, as he mentioned. My hon. Friend's choice of subject comes as no surprise, and I am grateful to him for raising it.

I am aware of the time limitations, so if I do not reach the end of my speech, I will be happy to provide my hon. Friend with an annotated version of it and also respond to the additional points that he has raised specifically.

It is absolutely right to keep the outcomes of looked-after children firmly in sight. My hon. Friend has reminded us of some of the horrific statistics and I agree that they are completely unacceptable. There has been a modest improvement in some outcomes, including attainment, but it is not nearly good enough, as a chasm still exists, as he mentioned. There are no quick fixes in this area. A top-down approach has not produced the results that we all desire. However, the approaches that he spoke about—improving accountability, trusting professionals and sharing best practice—offer the hope of such results.

It is absolutely right that central and local government listen very hard to the voices of looked-after children and those who have left the care system. As my hon. Friend kindly said, since becoming a Minister—and indeed before—I have placed great importance on finding ways in which we can sharpen accountability, rather than tick-box compliance, and on ensuring that we take this subject much more seriously. For example, in partnership with the children's rights director and A National Voice, we are supporting quarterly meetings of the chairmen of children in care councils, and I have enjoyed those meetings thus far. I have also set up reference groups with foster children, with Roger Morgan, on a quarterly basis and a further group comprising young people who have been through the care system. They have expert first-hand experiences and are not shy in coming forward with their invaluable views.

We want to see the children in care councils drive local change by helping looked-after children to ask challenging questions of local authorities about the services they provide. That is one way in which we hope to bring best practice to all local authorities—my hon. Friend mentioned that that is crucial. Foster carers are the bedrock of the care system. We need to listen to them, and be clear about what they can expect and what is expected of them. The charter for foster carers that we are developing is intended to bring that clarity in an accessible way, and I look forward to launching it in just a few weeks' time.

My hon. Friend rightly said that early intervention is key. I agree that the case for it is compelling. If we are to provide cost-effective services in the long term, early intervention must be a top priority. The evidence shows that early interventions, such as multi-systemic therapy and multi-dimensional treatment foster care, work, even where children already have very serious emotional needs. Properly targeted, such programmes can make a real difference. According to current audit data, 95% of young people on multi-systemic therapy programmes for children on the "edge of care" remain at home at the end of the intervention. For children in care, local authorities can save on an expensive residential placement later by investing in multi-dimensional treatment foster care at the right time. When faced with difficult choices about funding, it is natural to focus on the immediate priorities, such as, of course, keeping children safe. It is right to do so, but too often education for looked-after children has then been an afterthought, and that is a false economy.

Like any good parent, the best local authorities have high aspirations for the children they look after. The virtual school head model, embraced by almost all local authorities, has done much to emphasise that education for looked-after children and care leavers is absolutely vital. If local authorities act as corporate parents to looked-after children, then perhaps central Government are the "corporate grandparent". In that capacity, we have extended the pupil premium to include looked-after children, as my hon. Friend has mentioned. The premium is not the same as the personal education allowances that local authorities provide to support education in its broadest sense. The pupil premium is about focusing hard on raising attainment through extra one-to-one tuition, and it will benefit all children who have been looked after for six months. The overall funding for the pupil premium will go up from £625 million in 2011-12 to £2.5 billion in 2014-15 and the looked-after children premium will rise in line with increases to the deprivation premium.

I agree with my hon. Friend's general argument that more support needs to be given to those children who have been looked after on a voluntary basis and who enter custody. They can no longer be looked after when they receive a custodial sentence, but I accept that they will be as vulnerable and will have the same range of needs as any other young person from care while in custody. We do not propose to amend primary legislation so that those children retain their looked-after status, as that would not fit with the coalition Government's view about setting new burdens on local authorities. However, from April 2011 revised regulations and guidance will include explicit requirements on local authorities to minimise offending by looked-after children. Most importantly, they say that whenever a child loses their looked-after status as a result of going into custody, the local authority must appoint a representative to visit them.

The purpose of those visits will be to meet the young person, assess their needs and make recommendations to the local authority that had been responsible for their care about how best to respond to their needs in future. Where necessary, local authority children's services will have to be involved in release planning so that clear arrangements are in place to support the child and their family in the community on their release. For some young people, that will mean being looked after again. So, in future, when a young person who is looked after

by the local authority is given a custodial sentence, the authority's responsibility will not stop at the gate of the secure training centre or the young offenders institute. I hope that reassures my hon. Friend.

My hon. Friend mentioned unaccompanied asylum-seeking children, who have the same needs as any other looked-after child but face particular challenges. We have been explicit in our care planning statutory guidance to local authorities that unaccompanied asylum-seeking children have the same entitlements to support as all other looked-after children. In recognition of that principle, our revised suite of statutory guidance on care planning and transition from care goes much further than previous guidance in setting out how local authorities should support that especially vulnerable group of young people.

I recognise that the children placed in residential care are among the most vulnerable of all looked-after children. My hon. Friend also raised this issue. Children are often placed in children's homes only after other arrangements for their care have broken down, and they might find themselves living many miles from their home community. In September, as part of a wider review of all departmental contracts, I decided to cancel the contract awarded to Tribal under the previous Government to support and challenge children's homes. I took the view that, in the current financial climate, contracting out that important work did not represent the best use of available resources. Instead, I have instigated a new programme of work, led by my Department, to support and challenge children's homes to identify the challenges faced by the residential sector in order to promote much-improved outcomes for looked-after children in residential care and to see whether it could be used more extensively.

That programme will support children's homes in learning from the best practice that certainly exists and in developing approaches to supporting children in their care, so that residential care staff understand and are able to use interventions based on solid research evidence about how best to respond to children's needs in order to nurture them, promote stable care and improve their educational attainment. The programme has already embarked on a wide range of activities, including piloting learning sets for residential care staff in several regions. My staff have also scheduled a programme of visits to regions with high numbers of children's homes to meet social workers, the staff of children's homes and a wide range of others to understand their views about the support required by children's homes. I hope to report on some of that work and research in due course. Of course, that will include consultation with those children, which is so important, as my hon. Friend has said.

Our commitment to raising the quality of residential care has been demonstrated by the overhauling of the national minimum standards for children's homes. I hope that my hon. Friend will take that as some assurance. I agree that it is extremely important that local authorities learn from each other in order to improve their services. I am concerned that there is not more sharing of knowledge and effective practice. Why is it, for example, that in one local authority no care leavers go to university whereas another manages to support no fewer than 41? The Department's streamlined regulations and statutory guidance on care planning and leaving care should help as they are more coherent, rooted in best local practice and provide a clear framework for achieving greater consistency. My hon. Friend mentioned some very good examples of best practice in Hackney and Ealing with which I am familiar and which Eileen Munro is certainly taking on in her review. However, that will not be sufficient on its own and we are therefore working with local government colleagues on the development of a sector-led improvement support system.

Central to improved outcomes is the ability of social workers to do their job. We need confident, autonomous professionals who spend more time with children and less time on over-complex recording systems. That is at the heart of the Munro review, which my hon. Friend has mentioned, and is why we recently announced the expansion of social work practices. Placement stability and high-quality care planning, particularly—

6.30 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Friday 11 February 2011

The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Mr Christopher Chope (Christchurch) (Con): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163), and negatived.

Grahame M. Morris (Easington) (Lab): On a point of order, Mr Speaker. Yesterday, the Deputy Prime Minister, while speaking to a public services summit, claimed that he would not allow a rigged market in the NHS and said that there would be no higher tariffs for private providers. That contradicts the Government's own impact assessment, published with the Health and Social Care Bill.

In view of the mistaken impression that has been created and the seriousness of the issue for many hundreds of thousands of NHS workers and the public at large, will you advise me, Mr Speaker, whether there is any redress in the House? Will the Deputy Prime Minister come to apologise for creating that mistaken impression?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. The issue in question involves a point of debate about which the hon. Gentleman has strong views. He asks about redress. The issue is how best to take forward his concerns. He should consult the Table Office, which he will find a source of profitable advice. I hope that that is helpful to the hon. Gentleman.

BILL PRESENTED

PROTECTION OF FREEDOMS BILL

Presentation and First Reading (Standing Order No. 57)

Mrs Secretary May, supported by the Prime Minister, the Deputy Prime Minister, Mr Secretary Hammond, Mr Secretary Lansley, Secretary Michael Gove, Mr Secretary Clarke and James Brokenshire, presented a Bill to provide for the destruction, retention, use and other regulation of certain evidential material; to impose consent and other requirements in relation to certain processing of biometric information relating to children; to provide for a code of practice about surveillance camera systems and for the appointment and role of the Surveillance Camera Commissioner; to provide for judicial approval in relation to certain authorisations and notices under the Regulation of Investigatory Powers Act 2000; to provide for the repeal or rewriting of powers of entry and associated powers and for codes of practice and other safeguards in relation to such powers; to make provision about vehicles left on land; to provide for a maximum detention period of 14 days for terrorist suspects; to replace certain stop and search powers and to provide for a related code of practice; to amend the Safeguarding Vulnerable Groups Act 2006; to make provision about criminal records; to disregard convictions and cautions for certain abolished offences; to make provision about the release and publication of datasets held by public authorities and to make other provision about freedom of information and the Information Commissioner; to repeal certain enactments; and for connected purposes.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 146) with explanatory notes (Bill 146-EN).

Legislation (Territorial Extent) Bill

Second Reading

9.36 am

Harriett Baldwin (West Worcestershire) (Con): I beg to move, That the Bill be now read a Second time.

As a new Member, I drew No. 7 in the private Members' Bill ballot. Some might think that it is great foolhardiness to have chosen to raise the knotty constitutional issue of the West Lothian question in the House today, but it is with a great sense of privilege and trepidation that I today present a Bill that is designed to be extremely helpful to you, Mr Speaker, if you were ever asked to certify whether a particular piece of legislation applied to a particular part of the United Kingdom.

Mr Speaker, you will be very aware that the question of Members voting on issues that do not affect their own constituencies has vexed many minds much more learned than mine for well over a century.

Chris Bryant (Rhondda) (Lab): Why on earth would Mr Speaker be asked to adjudicate on whether something applied somewhere or did not?

Harriett Baldwin: That is an extremely important question. Mr Speaker has the ability, under Standing Order No. 97, to certify whether a particular piece of legislation applies only to Scotland. He already has the powers, and it will be extremely interesting today, during the debate on this legislation, to discuss whether those powers ought to be extended to further parts of the United Kingdom.

The West Lothian question has vexed constitutional experts since the time of Gladstone, who first perceived the difficulties when Irish Home Rule was being discussed. At various times in the last century, the topic has been raised in the Chamber and in the other place, but it has always been parked in the car park for questions that are too difficult to resolve under our unwritten constitution.

However, the following question is often raised with me by residents of my constituency, which I like to think represents the heart of middle England. How can it be right for it to be possible for potentially decisive pieces of legislation to be voted on in this place by, and carried by a majority of, Members of Parliament who are not legislating on behalf of their own constituents? That is not a question that we can carry on parking in that car park for ever. It is my intention with this Bill to edge the West Lothian question slightly closer to the car park exit.

The Conservative party manifesto, on which I stood, said:

"Labour have refused to address the so-called 'West Lothian Question': the unfair situation of Scottish MPs voting on matters which are devolved. A Conservative government will introduce new rules so that legislation referring specifically to England, or to England and Wales, cannot be enacted without the consent of MPs representing constituencies of those countries."

Of course, the Conservative party did not win an overall majority, but in the coalition programme for government, the section on political reform states:

"We will establish a commission to consider the 'West Lothian question'."

On 26 October last year, I asked the Deputy Prime Minister in this Chamber when the commission would be established, and I was told that it would be established by the end of 2010. However, it became apparent on the final sitting day of 2010 that the commission had not been established, and I again put the question to my hon. Friend the Member for Preseli Pembrokeshire (Stephen Crabb), the Minister on duty, who said that

"the Government will make an announcement on the commission in the new year. I am happy to confirm that we do indeed mean 2011. That is very much part of our programme for next year."—[*Official Report*, 21 December 2010; Vol. 520, c. 1338.]

If nothing else, given the fragile life chances of private Members' Bills, I am pleased to use today's debate to encourage the Government to advance their own business.

Over the last decade, devolution to Wales, Northern Ireland and Scotland, which I wholeheartedly support, has meant that more and more legislation coming before the House affects different constituent parts of the United Kingdom in different ways. For example, at the moment the Health and Social Care Bill will apply essentially to England.

Chris Bryant: Essentially, but not exclusively.

Harriett Baldwin: The hon. Gentleman makes an extremely important point about how difficult it is these days to identify which parts of the United Kingdom Bills will apply to, a problem that this Bill is intended to address. The hon. Gentleman will clearly support it.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): My hon. Friend will be aware that there will be a referendum on further powers for the Welsh Assembly in just a few weeks. If Wales votes in favour of those powers in the 20 areas of competence that the referendum covers, will that create a west Walean question?

Harriett Baldwin: My hon. Friend asks an important question, pointing out that devolution is an ongoing process. Indeed, the referendum in Wales on 3 March and the Scotland Bill will potentially change the decision-making process in this Chamber, so it is all the more important that the Bill is carried today.

Chris Bryant: Will the hon. Lady tell us whether she voted on the Parliamentary Voting System and Constituencies Bill, which contains many provisions that will apply solely to Wales?

Harriett Baldwin: The hon. Gentleman is making extremely important points about how legislation currently before the House can mix up different issues and have different impacts on different parts of the United Kingdom. My Bill would make things clearer, with the result that parliamentary draftsmen would automatically start to make it clearer and much more distinct which parts of the United Kingdom Bills apply to. In addition, the Bill would allow legislation to continue to apply to different parts of the United Kingdom—all it says is, "Let's state that on the face of the Bill." Why should we not do that?

Mr Christopher Chope (Christchurch) (Con): I congratulate my hon. Friend on introducing this Bill. She describes the issue as complex. Does she understand why it is so complex that the Government have not even been able to set up a commission to look into it? Surely,

that should not be beyond the capability of the Deputy Prime Minister. Has she been able to find out why that has not been done?

Harriett Baldwin: My hon. Friend asks a somewhat cheeky question. I am sympathetic to the fact that the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper)—a constituency neighbour of mine—has had a rather busy last couple of weeks. I am giving him a little slack because of that, but I agree that it is important to keep pressing for the establishment of the commission.

The legislation on tuition fees will affect university students from England. It will create the awkward situation of Welsh and English students paying different fees to attend the same university. The Scotland Bill, which I mentioned earlier, will enhance the powers of the Scottish Executive in many instances, including their ability to vary tax rates. Therefore, Parliament and this truly reforming Government need to find a way to scrutinise legislation in such a way that Members, who have the best interests of their own constituents in mind, can play a greater role in the legislative process. This is an issue that we duck at our peril.

Heather Wheeler (South Derbyshire) (Con): I congratulate my hon. Friend on introducing her Bill. I am sure that she, like me, receives letters weekly from her constituents asking, "When are you going to get on with the issue? It is just not fair for English constituents, taxpayers, ratepayers and voters."

Harriett Baldwin: I thank my hon. Friend for adding those supportive words from her constituents. I am sure that many hon. Members have had the issue raised with them from time to time.

As I mentioned, the question has been looked at by many heads wiser than mine over the years, and I have benefited from extensive analysis from history of what has not worked. Therefore, I have avoided in the Bill any sense that I want to create two categories of MP at Westminster, which is where the private Member's Bill introduced by my hon. Friend the Member for North Dorset (Mr Walter)—the House of Commons (Participation) Bill—ran into difficulty in the previous Parliament. Parliamentary privilege, which is MPs' ability to speak out or vote on any issue, is at the heart of our Parliament.

I am a passionate supporter of the Union, and do not want to undermine it in any way with the Bill. My grandmother, of whom I have fond memories, was called Flora McLean McLeod Morison. She was born in Dunbar to a general practitioner who came from the Isle of Mull, so I am a flesh-and-blood embodiment of the Union myself. It is because I believe that not resolving this question would cause long-term harm to the Union that I urge the Government to support the Bill.

What I found most helpful in preparing the Bill was the Conservative party's democracy taskforce, chaired by my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke), who prepared a pamphlet called "Answering the Question". The Leader of the House, who was in the Chamber earlier, and my hon. Friends the Members for Chichester (Mr Tyrie) and for South Thanet (Laura Sandys) were also on the taskforce, so we are talking about some impressive brainpower. The taskforce's report looked at five main options for addressing the West Lothian question.

The first option is the one that the previous Government took for the last decade, which essentially was to do nothing. That approach was best summarised by Lord Irvine's argument—that the best way to answer the West Lothian question was to stop asking it.

Chris Bryant: I think I saw a little partisanness sweep across the hon. Lady's eyes. To say that it is only the Government of the last 10 years who have done nothing about the issue is to ignore the last seven centuries, when no Government did anything about it.

Harriett Baldwin: I fully accept that the issue has been out there and unsolved for at least 100 years. However, I think that it was a deliberate strategy by the previous Government, as evidenced by Lord Irvine's statement. The do-nothing approach risks causing the same English alienation that Scottish devolution was designed to address for Scotland.

A second approach to address the issue is through under-representation at Westminster for the parts of the UK that have their own Parliament, which is often known as the Stormont solution. During most of the 20th century there was a Northern Ireland Parliament at Stormont, and Northern Ireland sent only 11 Members of Parliament to Westminster when its population would have justified 17. That is another possible approach, but I do not think it is the right one. Also, it is completely at odds with the Parliamentary Voting System and Constituencies Bill, which brings a welcome equalisation of constituency sizes.

A third option that people have mentioned is an English Parliament. There is a campaign group for this solution, but that approach leads to a plethora of questions. Would it require separate elections or a separate building? Would we have a First Minister for England? What if the First Minister for England was different from the Prime Minister? That solution would also be extremely expensive, and I do not think that the mood in the country is in favour of an additional layer of politicians. That approach could also lead to the formal break-up of the United Kingdom, so I have completely rejected it. A fourth approach, which, to be fair to the hon. Member for Rhondda (Chris Bryant), was the one initially taken by the previous Government, is devolution to regional government, giving the English regions more constitutional power. However, that was rejected decisively in the 2004 referendum in the north-east.

A fifth option, which has been on the table for some time, is something called English votes for English laws. Unfortunately, however, that would create two categories of MPs, leaving the Executive powerless to win votes on important public service issues. That was the approach taken by my hon. Friend the Member for North Dorset in his private Member's Bill, and was also the approach outlined in the 2001 and 2005 Conservative manifestos.

Andrea Leadsom (South Northamptonshire) (Con): Does my hon. Friend not agree that at least that solution would appear to be fair? Many voters in this country would see it as the fair solution: if a particular piece of legislation did not affect their area, Members should not be able to vote on it.

Harriett Baldwin: That approach is one of those things that looks fair at first sight, but the more one looks at it, the more problems with it one perceives. For example, what if the Government of the day could not carry the Budget? The Finance Bill is something that the Government have to be able to carry, but if the make-up or majority in the English Parliament was different from that in the overall, national Parliament, how would we solve such conundrums? That is why I have not taken that approach in my Bill.

The recommendation that I thought made the most sense was the one in the democracy taskforce publication, which proposed a lower-strength version of English votes for English laws. This proposal was that Bills be certified by the Speaker as English. They would pass through normal Commons processes as far as and including Second Reading, on which the whole House would vote. The Committee stage would be undertaken by English MPs in proportion to English party strengths. Report stage would be similarly voted on by English Members only, and Third Reading, when no amendments are possible, would again be voted on by the whole House. However, there are also problems with that approach, but it is those problems that my Bill seeks to solve.

The problem was best expressed by Iain MacLean of Nuffield college in his 2005 paper, in which he said:

"It will be hard for the Speaker to define what is an English bill, at least to do so without controversy—the Speaker could be politicised".

I would not want to put you in such an awkward position, Mr Speaker. Therefore, by requiring the Secretary of State to specify in draft legislation the territorial extent of a Bill, my expectation is that it would be much clearer in the drafting of Bills to which parts of the UK they applied. Indeed, the Clerk advises me that the Health and Social Care Bill, which was mentioned earlier and which, really, applies only to England, would be hard to certify as being an England-only Bill, because of the way in which it is drafted. What I hope my Bill would achieve, once it received Royal Assent, is gently to guide those drafting Her Majesty's legislation to be clear enough in that drafting so that you, Mr Speaker, would have no problem certifying Bills. Indeed, you already have the power, under Standing Order No. 97, to certify Bills as having regard to Scotland only. In the past, before devolution, that Standing Order was used quite often, which shows that there is a precedent for such certification and that it would not be beyond the wit of those much wiser than me to come up with some improvements on that Standing Order.

Andrew Bridgen (North West Leicestershire) (Con): I thank my hon. Friend for indulging me. I wonder whether she would be willing to listen to my perhaps more simple solution to the West Lothian question, which is indeed a boil that needs lancing. If we got rid of Members of the Scottish Parliament and Members of the Welsh Assembly, and instead merely had elected MPs, then all MPs from across Great Britain could meet in this place on Mondays and Tuesdays to attend to British affairs, and then on Wednesdays, and perhaps Thursdays, they could return to the Scottish Parliament or the Welsh Assembly, or to Northern Ireland, leaving English MPs to attend to English matters in this place. Surely that would save the taxpayer a great deal of money and, by getting rid of so many politicians, be very popular in the country.

Harriett Baldwin: That is certainly an original approach, and one that, I must confess, I had not heard from any other source, so I very much appreciate my hon. Friend's putting it on the record. I said at the beginning of my speech that I am very much in favour of devolution and allowing decisions that affect particular areas to be made at the lowest possible level of government. That is the theme of localisation, so although my hon. Friend has set out an original idea, I prefer what I have proposed in my Bill.

To return to my point about Standing Order No. 97, in its 1999 report on the procedural consequences of devolution, the Select Committee on Procedure said that

"the provision allowing the Speaker to certify Bills as relating exclusively to Scotland"

could be

"transferred to a new Standing Order and adapted so that the Speaker may certify that a bill relates exclusively to one of the constituent parts of the United Kingdom."

Further to that, Standing Orders Nos. 102 and 106 allow legislation to be referred to a Welsh Grand Committee. However, we are now touching on issues that have gone far above my pay grade, although they are issues that would be there for the House to agree once my Bill had received Royal Assent.

Jacob Rees-Mogg (North East Somerset) (Con): I am not quite sure how we get from my hon. Friend's Bill to the legislative programme that she is suggesting. Is the idea that this would be done exclusively through the Standing Orders of this House, and that we would therefore change the structures of the passing of legislation purely on our Standing Orders?

Harriett Baldwin: My Bill has deliberately shied away from being prescriptive in that area. Our constitution has a capacity to evolve and adapt to changing circumstances in a way that does not need to be written down in legislation, so my Bill stops at the point where the draft legislation outlines which parts of the United Kingdom it affects. It would then be for us, through House procedures, to look at the ways in which the new legislation would permit the House to treat different Bills in different ways.

I have touched on the purpose of the Bill, but there are other provisions that are worth highlighting. The Bill would establish a principle of legislative clarity, which would mean that citizens and Members of Parliament would have the right to see how proposed changes to the law would affect them or their constituents. There is also flexibility built into the Bill, so that if it is not possible for the Secretary of State to affirm that the draft legislation is compatible with those principles, the Government can still make a statement that they wish to proceed anyway. I am sure that no one in the Chamber could possibly object to this new level of transparency in our legislation.

The Bill also calls for a separate statement—a financial memorandum—on the financial implications of legislation on the constituent parts of the United Kingdom. Again, this is designed to be helpful to you, Mr Speaker, by making any financial effects of legislation—for example, via the Barnett formula—clear and unambiguous. It is often argued that, because of the Barnett formula, it is

impossible to achieve granularity when it comes to the impact of legislation on England. The financial statement would therefore allow the question of whether that was the case to be transparent.

In bringing my remarks to a close, I simply point out that the Bill is both minor and entirely unobjectionable. In fact, it is so innocuous that I am sure all hon. Members in the Chamber today will support not only its aims but its intentions, and that they will all wave through its Second Reading. I am sure that the Government will have no issue with the intended consequences of the Bill, although they may have some drafting issues with the unintended consequences, on which I would welcome their input in Committee. This Bill is necessary to create a strong foundation on which the House can make progress on addressing the important issues of territorial extent, and I commend it to the House.

10 am

Sir Malcolm Rifkind (Kensington) (Con): I congratulate my hon. Friend the Member for West Worcestershire (Harriett Baldwin) on what she has said today. This is an historic moment. West Worcestershire has taken up the cudgels on the West Lothian question, and I very much welcome her comments. I have taken an interest in these issues for a long time. I first entered the House in 1974, and when Margaret Thatcher became leader of our party, she was kind enough to appoint me as a junior spokesman on devolution. I have therefore had to take some views on these matters. I am now the Member for Kensington, but my primary home remains in Scotland, outside Edinburgh in East Lothian. Later, I will offer what might immodestly be referred to as an East Lothian answer to the West Lothian question.

I have no doubt that the consequences of devolution represent unfinished business. Over the past 12 years, we have witnessed the single biggest constitutional change in the United Kingdom since the Act of Union in 1707—

Chris Bryant: What about 1801?

Sir Malcolm Rifkind: It was far more important than what happened in 1801, which turned out to be a blip in the constitutional history of the UK. What we are seeing now is a permanent change. It has not destroyed the United Kingdom, but it has undoubtedly created a new kind of United Kingdom. That has constitutional implications, as well as implications for fairness. I suspect that the hon. Member for Rhondda (Chris Bryant) would suggest that, since Stormont, we have lived with the fact of Members from Northern Ireland being able to vote on all the measures in this House despite the fact that their own constituencies might not be affected by them. There is a de minimis issue that we can sometimes live with, but we now have something quite different, particularly if the Welsh approve an extension of the legislative powers of their Assembly in their referendum.

We will have a situation in which not 11 but approximately 100 Members of this House from three of the four constituent parts of the United Kingdom will be able to vote on issues that do not affect their own constituents. There will be only one part of the UK that does not have that right. Rather curiously, having dominated the United Kingdom, by numbers, since the Act of Union in 1707, England will become the one part of the UK whose elected representatives do not, by themselves, have the final say on matters that affect purely their constituents. That will no longer be the case for Scotland, Wales or Northern Ireland, but paradoxically it will have become so for England. Talking about 100 Members, rather than 11, is not a minimal side issue; it goes to the very heart not only of constitutional propriety but of fairness. My remarks today will be about fairness rather than constitutions, because that is the fundamental principle of our political system, and the implications of these arrangements are significant.

We must not get this out of proportion, however. I do not believe that it is right to imply that, as a consequence of devolution, this place has effectively become an English Chamber because the Scots, the Welsh and the Northern Irish have very little continuing involvement here as a result of the big areas that have been devolved to their own Parliaments in Edinburgh, Cardiff and Belfast. That is a gross exaggeration. If we look at the whole scope of government, we see that the UK Government and Parliament still have either sole or predominant responsibility for massive swaths of policy. The most important issues facing any Government are those of taxation. At this moment, virtually all tax powers reside with the United Kingdom Parliament, and all Members of Parliament from every part of the kingdom have an equal interest in and responsibility for those matters. The largest budget of the British Government is the social security budget, and that is a United Kingdom budget. It does not differentiate in any material way between north and south of the border.

Bob Stewart (Beckenham) (Con): I thank my right hon. and learned, and very old, Friend for giving way—*[Laughter.]* I mean "old" in the sense of time. We are both of a certain age.

Sir Malcolm Rifkind: Speak for yourself!

Bob Stewart: He is no longer my friend. I always used to respect him. Does he think that there will be increased pressure to give more tax-raising powers not only to Scotland in the Scotland Bill but to the Welsh Assembly and to Stormont?

Sir Malcolm Rifkind: Such proposals are under deliberation and likely to go forward. That could mean a reduction in the block grant to Scotland, if it were to raise a proportionate sum through its own decisions. This is an evolving situation, a dynamic constitutional process. I cannot predict, any more than anyone else, where that process might lead, but for the foreseeable future the UK Government will retain responsibility for virtually all tax responsibilities, as well as for the social security budget, all foreign affairs, all defence policy, all European Union issues, all trade policy, all electoral matters such as those we discussed yesterday, and a whole host of other issues. So we must not imply that Scottish, Welsh and Northern Irish Members have a diminished interest in the affairs of this Parliament.

It is sometimes suggested that it is quite improper, in this post-devolution situation, for a Member from Scotland, Wales or wherever to be appointed as a Minister in a Department whose responsibilities cover only England. Criticisms were made of John Reid when he became Health Secretary in the previous Government because

[Sir Malcolm Rifkind]

he represented a Scottish constituency. We should not think of that as a constitutional issue, but it might be politically stupid to make such an appointment because of the controversy that it will give rise to, enabling criticism to be made. There is no lack of precedent for such decisions being made in other contexts, however. During the Conservative Governments of Margaret Thatcher and John Major, every Secretary of State for Wales represented an English constituency. There has never been a Northern Ireland Secretary who comes from Northern Ireland, for obvious reasons with which we are all familiar. Let us not suggest that that is a constitutional problem. It is a political problem, and Prime Ministers have to decide whether it is sensible to appoint Ministers from constituencies that are not affected by the decisions of the Department of which they will be in charge. It is against that background that we are considering the question of voting in this Parliament.

Mr Stewart Jackson (Peterborough) (Con): Does my right hon. and learned Friend agree that we have institutionalised a sense of resentment and unfairness by not giving greater fiscal autonomy and tax-raising powers to the devolved Governments? That sense of unfairness does not exist in other devolved systems, such as the federal system in the United States, in which each state can raise its own taxes, and there is no feeling of resentment towards the central Government.

Sir Malcolm Rifkind: I return to my point that this should be seen as an evolving situation. We speak of devolution to the three other parts of the United Kingdom, but the devolution is different in each case. We have a power-sharing institutionalised system in Northern Ireland, which does not exist anywhere else. We have a Scottish Parliament that is an Executive with full legislative powers over devolved matters. Wales does not have a Parliament; it has an Assembly that does not yet have legislative powers. In each case, the arrangements will change, but they will change in response to experience and to what are perceived to be the political wishes of the people in the territories concerned. That is the history of the United Kingdom. We are blessed with an unwritten constitution that we can evolve and adapt over the generations in a way that goes no further than necessary but that responds to the aspirations of the peoples in the various parts of the kingdom in a sensible and coherent way.

I shall turn now to the consequences of those arrangements for voting in this Parliament. As my hon. Friend the Member for West Worcestershire so eloquently said, a range of options has been proposed to deal with what has become known as the West Lothian question. Some of them are completely understandable, including the proposal that, if there is a Scottish, Welsh or Northern Irish Parliament, there should be an English one. That sounds completely logical, but I was once warned that logic was the art of going wrong with confidence. It is, in fact, absurd to contemplate the co-existence of an English Parliament with this Palace of Westminster, for several reasons.

First of all, to state an emotional and political fact—I say this with some caution—the vast majority of people in England think that there is already an English Parliament and that it is called the House of Commons, largely because of the history of this place and its origins many centuries ago. When such an option is occasionally raised, we are not talking only about two Parliaments. In practice, there would have to be two Governments; there would have to be an English Government just as there is a Scottish Government. The idea that that is a sensible way of dealing with these matters is foolish. It would be a sledgehammer to crack an important but nevertheless modest nut—foolish, as I say.

The second option—one of the bad options—was attractive to many of my hon. Friends during the previous Parliament. It is the idea that Scottish Members—and, one assumes, Welsh and Northern Ireland Members either now or in due course—would be vetoed or prevented from voting on issues that applied only to England. I have always thought that that is a very dangerous and unwise approach. It would manifestly create two classes of Member of Parliament for the very first time since the Act of Union in 1707, and therefore I can only describe it as a nationalist solution to a Unionist problem. I have no doubt that it would be welcomed by the nationalist parties in Scotland and Wales, because it would provide a constant opportunity for them to emphasise the increasing irrelevance of the Union, as they would see it, and to go much further than the vast majority of people throughout the United Kingdom would currently want. It is not sensible to contemplate having two classes of Member, although not because it could not work. Here I disagree with the hon. Member for Rhondda: it is not a matter of the technical problems, although I can come on to those in moment if he wants me to; rather, I believe that it would be hugely dangerous and, in any event, it is unnecessary.

If those options are unattractive, is there an alternative route to resolve these matters and to deal with the issue of fairness? We do not need a solution that is absolutely perfect in every constitutional respect that fits seamlessly into some web of other issues; we need something that resolves the problem and removes a sense of unfairness.

At one stage, I argued for having an English Grand Committee, to which English-only Bills would be sent. It could be a Committee of all English Members sitting in this Chamber, but only those on such a Committee would be able to vote, just as members of Select Committees are the only people able to vote on them. That would not, in itself, be constitutionally improper. I acknowledge, however, that that would be quite a complicated innovation, which would take a complex series of thoughts to resolve and could take years in practice to implement.

In any event, there is a much simpler alternative—one that has not thus far been mentioned—and I shall put it forward. I would strongly argue that the most simple and straightforward solution relates to when a Bill is certified by the Speaker, as my hon. Friend the Member for West Worcestershire indicates, as applying only to England. Doing that, incidentally, is not difficult. Many Bills currently affect England and Scotland or England, Scotland and Wales, because there is no reason at the moment for the draftsmen not to draft them in that way, if it suits their drafting objectives. If the rules change and the draftsmen are required to restrict any Bill to that part of the kingdom to which it overwhelmingly applies, they can draft accordingly if instructed to do so.

Where a Bill applies only to England, the right way to resolve matters would be to say that before it can be approved on Second and Third Reading, it must achieve not only the majority of votes of the whole House but, subsumed within that, a majority of Members representing English constituencies. In other words, a double majority is required: a majority of the House as a whole and a majority of those representing English constituencies. If it does not meet that target, it cannot be deemed to have been approved on Second Reading. The attraction is that no hon. Member is prevented from speaking in the debate or from voting in the Division Lobby for or against the measure, but the question of whether an England-only Bill goes forward and is given a Second Reading will have been determined by the House to be dependent on a majority of Members from English constituencies voting for it.

Harriett Baldwin: I thank my right hon. and learned Friend for giving way and also for sharing his enormous wisdom on this topic with the House. Does he agree that the Scotland legislation of the 1970s included a provision made by the Lords for a 14-day waiting period, in which something like what he is describing would apply? What does he think of that particular approach?

Sir Malcolm Rifkind: Yes, that is indeed one approach. We are always reminding ourselves that this country has a sovereign Parliament. The idea that a sovereign Parliament cannot determine that certain classes of legislation will not go through unless there is a double majority of the kind that I have described is absurd. Of course it can do that if it wishes; it is entirely within its power. It is simply a political judgment as to whether that is the right way forward.

I shall not speak for much longer, but I want to address one fundamental challenge that will be made—it has already been made—to any of the solutions that have been described. I have no doubt that the hon. Member for Rhondda will raise this suggestion. It is constantly said that the problem with all these approaches is that if a Government were denied the use of all the votes of their supporters that would usually give them a majority, the whole business of government would become unworkable and the Government would be unable to get their programme through, which would create some sort of constitutional crisis. To be fair, that argument is not made only by Labour Members. Mr Vernon Bogdanor, for example, who we are often told is a great constitutional expert, has constantly opined that that is a fundamental flaw in any such approach. Although I can understand why the Labour party adopts that view, because there is a political interest in putting forward such an argument, I find it very difficult to understand why such a learned gentleman has come to this conclusion—and I hope that he reads this speech.

Chris Bryant: The right hon. and learned Gentleman might like to know that Mr Bogdanor was the tutor of the Parliamentary Secretary, Cabinet Office, the hon. Member for Forest of Dean (Mr Harper).

Sir Malcolm Rifkind: I have no doubt that he was. Eric Anderson was the headmaster who taught Tony Blair, but I do not think that either could be held responsible for the other; each must come to their own judgments on these matters.

I come to the central point about the accusation that government would become unworkable. It is not just my view, my opinion or my theory that that is nonsense. We know from our own history that it is a ludicrous argument; it is exactly what happens every time we have a hung Parliament. When there is such a Parliament, as there was between 1974 and 1979, there will be many occasions when Governments cannot get their legislation through. It does not necessarily mean the collapse of the Government unless it is on some fundamental issue of confidence. What happens is that Governments either have to withdraw the proposal or discuss it with their opponents and table amendments to make it more acceptable. That is also exactly what happens between the House of Commons and the House of Lords from time to time. It is what happens in the United States all the time. The current President of the US does not have a majority in Congress, so he can never be certain of getting any legislation through. The argument that a British Government would somehow find themselves in an unworkable and unacceptable situation because not all but some of their English-only legislation was so controversial that a majority of English Members could not be persuaded to vote for it and that that would create chaos in the workings of government is manifestly ludicrous. That argument cannot be put forward in any credible way.

Mr Chope: I congratulate my right hon. and learned Friend on his wisdom. Has he yet been approached by the Deputy Prime Minister to serve on this committee, which is yet to be set up? Surely, his service on that commission would be really useful.

Sir Malcolm Rifkind: I suspect that my hon. Friend's intervention has guaranteed that that will not happen. In any event, I would rather give evidence to the committee than serve on it. We will have to wait and see.

Finally, it is the essence of a parliamentary system of government that Governments must not assume that they can always get their business through. They will occasionally be defeated and, if they believe that the issue is fundamental, they can ask for a motion of confidence to enable them to survive. It is not a barrier to the kind of change that I and others have recommended to say that a Government might from time to time have to amend or withdraw their proposals because they lacked parliamentary consent. The parliamentary consent is what matters, not the Government's wishes.

Andrew Bridgen: May I drag my right hon. and learned Friend back to a point he made earlier in his eloquent speech? He said that he did not wish to create two classes of MP. Indeed, there is only one class of MP in this place. However, do we not already have two classes of MPs in our constituencies, because the work load of English MPs is far higher than that of Members in Scotland, Wales and Northern Ireland—*[Interruption.]* The hon. Member for Rhondda (Chris Bryant) makes a sedentary comment, but if the work load of MPs in Scotland, Wales and Northern Ireland is not less than that of English MPs, what are the devolved Governments doing and what is their purpose?

Sir Malcolm Rifkind: I know the point my hon. Friend is making, and it has some validity, but he takes the argument too far. Certainly, the constituency correspondence with which a Scotland, Wales or Northern Ireland Member deals must be substantially less, as many issues that the rest of us have drawn to our attention would be a matter for the Scottish Parliament, Welsh Assembly or Northern Ireland Assembly. Nature abhors a vacuum, however, and none of us has enough time to do all the things that we would like to do in this Parliament. Although many of our Scottish, Welsh or Northern Irish colleagues might not have as much work of that kind, I assume that that gives them more time, if they so wish, to take part in debates on wider, national issues and on matters that affect their constituents. It is not as if they sit around wondering, "How should I spend my day?" The naturally indolent may be in that position and enjoying every moment, and that is for our constituents to come to a judgment on, but a good Member of Parliament never has a shortage of legitimate matters, affecting constituents in Scotland, Wales and Northern Ireland, to occupy their time.

I conclude more or less where I began: let us not get too involved in constitutional proprieties. The essence of the British constitution is its flexibility and ability to evolve to meet changing circumstances. When, for the first time since the Act of Union, three of the four component parts of the kingdom have their own Parliament or Assembly, the principle of fairness is paramount. The approach that I have suggested would meet that requirement in a fairly simple and straightforward way. There may be other solutions, but it is important to recognise that a solution is needed, and the quicker we achieve it the better.

10.21 am

Chris Bryant (Rhondda) (Lab): I welcome the contribution of the hon. Member for West Worcestershire (Harriett Baldwin), who has not been in the House long and yet already has managed to grasp firmly with both hands the nettle of one of the more complicated constitutional matters that has faced the country, I would say, for considerably longer than she suggested. It achieved a name, and once something has a name it achieves greater prominence—because of Irish Home Rule. However, when we first started binding together the different bits of the Union, there were profound discussions about how many Members of Parliament of both Houses should be from each of the constituent parts. To all intents and purposes, that was a very similar debate.

I was with the hon. Lady for part of her contribution, but then she took us to the Welsh Grand Committee. Anyone who suggests that that is an answer to anything, I am afraid, has completely lost me. My experience of the Welsh grandstanding Committee is that, for the most part, it is not as useful as it might seem to those who do not have to attend it.

Harriett Baldwin: Does the hon. Gentleman accept, however, that the Bill stops well short of such Committees, and would be a simple and innocuous piece of legislation that he could wholeheartedly support?

Chris Bryant: Was it Socrates—I cannot remember—who said that a small book was always a bad book? Sometimes a simple and innocuous-looking piece of legislation can do the most pernicious damage. I will come on to whether I think it is innocuous later.

It is always great to hear the right hon. and learned—and gallant, and doubtless many other things besides—*[Laughter.]* Other words, which he might not like so much, are coming to mind now. It is always difficult not to think of the right hon. and learned Member for East Lothian—sorry, for Kensington (Sir Malcolm Rifkind)—as a Scottish MP, and I suppose that in many regards he still is, but he is a Scottish MP for an English seat. Several hon. Members think that I am an English Member for a Welsh seat, but I am thoroughly Welsh, and Jeremy Paxman had to apologise when he maintained, in his latest book, that I was not.

The right hon. and learned Gentleman is right to maintain that Welsh, Scottish and Northern Irish Members of Parliament have no diminished role just because of devolution. In many debates, they bring a specific interest and point of view that adds to the whole equation. The hon. Member for North West Leicestershire (Andrew Bridgen), who has departed the scene, said that Wales and Scotland MPs must, by definition, have less casework, which is certainly not my experience. If anything, many constituents, in the process of trying to achieve redress for their individual concern, try to play the Assembly Member off against the Member of Parliament. As the Welsh Assembly also has regional Members, my experience is that those from other political parties who failed to be elected in constituencies end up trying to play a semi-constituency role. Often, that leads to a considerable enhancement of the amount of work done. I make no complaint about that, but I think that those who assume, from their English seat, that a Welsh Assembly and a Scottish Parliament result in Welsh and Scottish MPs having less casework, are wrong.

There are many different kinds of casework. There is casework such as a miners compensation scheme, with which thousands of people want help going through the legal process. Then there is casework such as, "I think it's an absolute outrage that you ever thought of voting for this piece of legislation." I get very little of the latter and a lot of the former. In different constituencies around the land, some Members have a lot of immigration cases. I have had only about three immigration cases during my time as a Member of Parliament. Casework varies between constituencies, and it is not appropriate to legislate directly in relation to that.

Mr Stewart Jackson: Is the hon. Gentleman seriously suggesting that, with constituencies in Scotland and Wales having significantly smaller electorates than those in England, list system Members, devolved Parliament Members and MPs, such MPs have the same work loads as English constituency Members? If so, does he have any academic evidence to support that, because I am quite sceptical?

Chris Bryant: I think "Sceptical" might be the hon. Gentleman's middle name. I see he is smiling—I have managed to get a smile out of him; that must be a first. He is now trying not to smile. Now he is laughing.

The only point I would make to the hon. Gentleman is that there is no academic evidence, and probably never will be. All that we have is anecdotal evidence. I merely offer my own evidence—I have not seen my

work load diminish compared with that of my predecessor, who did not have a Welsh Assembly to contend with. The hon. Gentleman is right that a constituency with a smaller number of people might mean that the Member concerned has fewer people contacting them, but it might also mean that access to the Member for constituents is more difficult and that it involves considerable travelling around the constituency. Anyway, that is a matter for a different debate.

The right hon. and learned Member for Kensington referred to the issue of whether there should be an English Parliament. He is right to argue that there is a danger that we would end up with two Governments. Who would take possession of Downing street? Presumably, we would have a set of English Ministers, in addition to British Ministers, and so on. I am not sure that is the direction in which British voters want to go. The hon. Member for West Worcestershire referred to the fact that on the one occasion when we had a referendum on whether there should be devolved responsibilities within the English regions, people decided, largely because they did not want more politicians, not to go down that route.

In parenthesis, let me say briefly that I hear regularly, not from the right hon. and learned Member for Kensington but from others, that this is the mother of Parliaments. I again say that John Bright meant that England was the mother of Parliaments and that it was a very difficult and complicated birth. The effortless English superiority that sometimes arises in these debates is unfortunate.

The right hon. and learned Gentleman referred to Wales, and I was reminded of a story, which may not be apocryphal, of Charlotte Church singing before George W. Bush when he was President—a meeting of two great minds, obviously.

When Charlotte Church was introduced to the President, he asked, "Where are you from?" She said, "Wales." He asked, "What state is that in?", and she said "Terrible." Discussions about issues such as this are not always informed by great intelligence.

The right hon. and learned Gentleman mentioned the possibility of an English Grand Committee. It has been suggested in the past that such a Committee should sit in the Chamber, because it would obviously have a significant number of members. During the last Parliament we discussed the possibility of regional Grand Committees and arguments were presented both for and against the idea, but it has fallen by the wayside.

I am not convinced by the right hon. and learned Gentleman's argument in favour of a requirement for a double majority. Neither House has ever operated a system of secondary mandates.

Sir Malcolm Rifkind: So what?

Chris Bryant: It is true that innovation is sometimes a good thing, but I think that it would lead to confusion in this instance.

I am afraid that I am going to disappoint the right hon. and learned Gentleman now. He expected me to argue that a Government who lost a piece of legislation would fall, but I am not going to argue that at all. In fact, the danger is that as we move towards an elected second Chamber—and over the past few weeks we have seen both sides of the second Chamber behaving almost exactly like an elected Chamber—we will reach a point at which there will be absolutely no check on the power of the Executive. There will be no check by virtue of the time that the second Chamber can take to delay legislation, and no check in this House because, by definition, the Government have a majority. We may have to address that problem through the way in which we interpret the Standing Orders of the House.

Sir Malcolm Rifkind: The hon. Gentleman has been kind enough to say that he does not think that a double-majority requirement would create an unworkable situation for the Government. The only argument—in fact, it is not even an argument, but just a word—that he has used to indicate his reason for opposing such a requirement is that it would cause "confusion". What does he mean by that?

Chris Bryant: I shall deal later with an issue that relates directly to the point of the Bill, and I think that the right hon. and learned Gentleman will then understand why I believe there is a problem. *[Interruption.]* He is now confused, but I hope that I shall be able to rescue him from his confusion in a moment or two.

As I said to the hon. Member for West Worcestershire, this is an age-old issue. There is a meretricious argument, which the hon. Lady steered away from today—although she dangled it in front of us a little bit—that it is patently absurd for Members whose constituents will not be affected by an individual piece of legislation to be able to vote on it. That is, at any rate, a paraphrase of something that she said. My response is "All that glisters is not gold."

If we decide that Members can vote only on matters that affect their constituents directly—or even indirectly, I suppose—we end up with the question of who runs the country. At any one moment, on any one piece of legislation, there is uncertainty, and in the case of Finance Bills in particular there is a real problem. The issue is not just what the Government propose, but what Members can or cannot amend. Some money Bills have effect only in England, but the danger is that a money Bill could be amended in a way that caused it to have an implication elsewhere.

Harriett Baldwin: Can the hon. Gentleman give me an example of a money Bill that might affect only England? I am not sure that my research has identified one.

Chris Bryant: There are money Bills attached to many pieces of legislation. There will be money Bills in relation to the education Bill and the national health service Bill, for instance. However, I think that the hon. Lady is referring to Finance Bills. It is true that the vast majority of Finance Bills have implications throughout the United Kingdom, although obviously there will be modifications in relation to Scotland if the Scotland Bill is passed. Elements of a future Finance Bill would not apply in Scotland. Indeed, elements of a Finance Bill today already do not apply in Scotland, Northern Ireland or Wales.

My second point is that it is phenomenally difficult to be clear about what constitutes the territorial extent not just of a particular piece of legislation, but of its transition through the House. It would seem on the face

[Chris Bryant]

of it that, for instance, the Bill that became the Health Act 2006 was purely an England Bill. Most people would consider that to be the case. The Bill made provision in relation to smoke-free premises, the purpose being to ban smoking in public places in England. On 14 February 2006 the House debated new clause 5, which replaced the original clause 2. It provided that

"The appropriate national authority may make regulations providing for specified descriptions of premises, or specified areas within specified descriptions of premises, not to be smoke-free".

It then listed a series of places that might be exempted. Subsection (5), for example, stated:

"If both a club premises certificate and a premises licence authorising the consumption of alcohol on the premises have effect in respect of any premises, those premises are to be treated for the purposes of this section as if only the premises licence had effect".

Andrea Leadsom: Will the hon. Gentleman give way?

Chris Bryant: I will, but I shall want to return to my specific argument.

Andrea Leadsom: I thank the hon. Gentleman. Given that the whole purpose of the Bill is to make clearer in legislation exactly what different legislative proposals relate to in terms of the geographical area of the United Kingdom, surely his argument is one in favour of the Bill.

Chris Bryant: No, it is an argument against it. I remember clearly the rows that took place in both the Chamber and the Clerk's Office about whether the way in which the amendments to a health Bill were being selected would mean that Wales was or was not covered. Because most Members wanted to remove the provision that would allow the Secretary of State to exempt private members' clubs in England, they actually removed the provision that allowed an exemption for private members' clubs in Wales. It may well be that the Welsh Assembly would have wanted to do that itself anyway, but it had no choice. It could not make such a provision. I can tell the hon. Lady that that row was quite vociferous.

My point is this: I do not think it is possible to be clear. The original legislation might be clear, but people might want to amend it, and why should they not be able to do so? If the parliamentary draftspeople say, "This Bill will cover only England", the number of Bills going through the House will have to be doubled, if not trebled, because there will have to be a separate Wales Bill and a separate Scotland Bill.

Harriett Baldwin: With the greatest respect, surely in such circumstances it would be necessary only to say, "This Bill applies to all three areas." My Bill provides for flexibility in order to avoid precisely the kind of row that the hon. Gentleman has described.

Chris Bryant: But who gets to decide the interpretation of what applies and what does not apply? That is the problem. A series of issues arises. A decision is made by parliamentary draftspeople, or Clerks, or the Speaker. That would bring them into the debate, which would be a mistake.

I want to give the reason why I think the Bill is being introduced. Although it is fascinating to know the territorial extent of any Bill or clause, the only purpose of knowing that must surely be, as the hon. Lady said, to ensure that Members of the House vote only on legislation that directly affects them. That is a misguided intention. In practice, that would mean that we ended up with more Bills, and Second and Third Readings and Committee stages. If we decide that English MPs can vote only on English legislation, who will vote on Welsh clauses? Just Welsh MPs? Would only Welsh MPs be able to attend the Committee to take the Bill through? I think that we have never had a Welsh Secretary of State for Wales under a Conservative Government, although I may be wrong. We would have to allow the Minister to sit on the Committee but they would not be able to vote on their own legislation, which seems patently absurd.

Harriett Baldwin: With respect, the hon. Gentleman is missing the whole point. Obviously, legislation will have different effects in different parts of the UK. That will be spelt out in the legislation. All the issues that he is raising are complete red herrings that the Bill would address.

Chris Bryant: No, I honestly think that the hon. Lady is completely naive in relation to this matter. She said at the beginning of her speech that she thought that it was a fundamental principle that MPs should be able to vote only on those things that affect their constituents. That is the only purpose of having such a provision in any legislation. If she introduces a piece of legislation or a Standing Order—I will come to parliamentary privilege in a moment—that would require MPs not to vote on a piece of legislation, or that would shame people into not voting on a piece of legislation, she will create a real problem. If we assert that only English MPs can take part in the proceedings on English legislation, table amendments, amend Bills, seek to speak and vote on that legislation—that is where her Bill is driving us—there will be a problem for English legislation, not least because large numbers of Scottish and Welsh MPs have been English Ministers dealing with largely English matters. There are and have been Scottish and Welsh Ministers in, for example, the Department of Health and the Department for Education who have largely dealt with matters that refer only to England.

Andrea Leadsom: People in the country do not want to see Scottish MPs voting as Ministers on English-only legislation. Surely the hon. Gentleman can see that there is a fairness issue. It is surely not a bad thing if people might be shamed into feeling that they cannot represent English-only issues if they are a Scottish MP, and by the way, the Bill is not proposing that.

Chris Bryant: I think that the hon. Lady has just let the cat out of the bag. That is the whole point of her argument, is it not? There is no other reason to introduce such as measure. The only reason is to shame people. That is what the hon. Lady wants to do. I think that she is effectively saying that she does not want me as a Welsh MP to vote on anything that she believes to be an English-only matter. Is that what she believes?

Andrea Leadsom: Is the hon. Gentleman asking me or my hon. Friend the Member for West Worcestershire (Harriett Baldwin)?

Chris Bryant: Sorry, I am slightly cross-eyed. I meant the hon. Member for South Northamptonshire (Andrea Leadsom).

Andrea Leadsom: This is obviously my hon. Friend's Bill. She is not proposing any such legislation. She is merely proposing to clarify the territorial extent of any Bill that goes through the House. For my own part, in direct answer to the hon. Gentleman's question, I think that it is unfair to you, as a Welsh Member representing Welsh interests, voting on English-only interests, or indeed being a Minister for English-only interests. That is my personal opinion and I would not like you to attribute that to my hon. Friend whose Bill this is. She is not making that proposal.

Mr Speaker: Order. May I gently point out that I have been accused of many things but not of being a Welsh Member?

Chris Bryant: Although I am sure that you would not mind, Mr Speaker. It is not a libel. It is not like being called an English Member when you are not an English Member. [HON. MEMBERS: "Oh."] We lost badly in the rugby last week so we are still somewhat wounded on these matters.

I recognise that the hon. Member for West Worcestershire has dressed her Bill up so that it does not look like it is moving in that direction, but many Members might only support the Bill because they want it to move in that direction. As I said earlier, I understand that some people are concerned about the issue in the country. However, I cannot think of a single Parliament in the world, including Spain and many other countries—this is not the only argument that I would use in relation to this—where there is asymmetric devolution and MPs cannot vote on every piece of legislation that is brought before them. As the right hon. and learned Member for Kensington said, to go down that route is a nationalist argument—not as in British nationalist, but as in Welsh, Scottish or Irish nationalist—and will unpick the Union in the end. Therefore, if the hon. Member for West Worcestershire really believes in the Union, it is a bit difficult to advance that argument.

Harriett Baldwin: As I said earlier, it is because of that belief that it is important that we have clarity in our legislation about which parts of the UK it affects. Is the hon. Gentleman arguing that we have to just continue to park the issue and not address it, thus undermining the Union?

Chris Bryant: I would like to see the issue addressed in different ways—as it has been addressed in other countries. For example, the role of the second Chamber needs to be looked at. It has been embarrassing that the vast majority of people who have been appointed to the second Chamber in the past few years have been from London and the south-east of England. That is almost inevitable when we have an appointments system. I would prefer to move to an elected system, where we had more people representing the whole of the UK. It might be possible to devise a better answer to the West Lothian question through reform of the second Chamber on an elected basis.

However, as the hon. Lady has said, the whole business of parliamentary privilege comes into play. It has been a fundamental assumption from when the first commoners were allowed to attend parliamentary proceedings under Simon de Montfort in 1258 that grievances that they presented on behalf of the people should be able to be presented without any difference between one and the other Members.

Jacob Rees-Mogg *rose—*

Chris Bryant: I thought that going back to the 13th century might stimulate the hon. Gentleman.

Jacob Rees-Mogg: The right of shires to send people for address of grievance pre-dates Simon de Montfort. It is the boroughs that came in at that point.

Chris Bryant: Simon de Montfort invited four knights from each of the shires and six from Yorkshire in 1258 to present in Parliament their grievances on behalf of others. We do not know that all the knights attended. Of the ones who did attend, we only know that because they presented expenses and had them paid, so this problem has been with us since Mauge Vavasour had his payments made in Michaelmas 1258. It was a significant moment. The burgesses obviously arrived after 1258, though earlier in the 13th century there were occasions when some burgesses from the Cinque ports were invited, and some from those cities where there were a large number of Jewish residents were brought to Parliament to debate specific issues.

Jacob Rees-Mogg: The knights of the shires came much earlier than that—they come from the reign of Richard I. That is attested thoroughly.

Chris Bryant: Well, not all 37 shires had representation, and they certainly did not have that as of right. I am perfectly happy to debate this at another time, but for now Mr Speaker has got that slightly fascinated but also slightly irritated face on.

It would be very dangerous to dismantle the fundamental principle of the equality of all Members of this House. That is why I think that, in the end, the direction of travel the hon. Member for West Worcestershire is moving in with this Bill is an unfortunate one.

Harriett Baldwin: Let me reiterate once again that none of the concerns the hon. Gentleman is raising apply to the Bill.

Chris Bryant: As I have said, legislation is about not just what it does, but the declaratory effect that it has. The hon. Lady referred to the intended consequences of her Bill, but it would also have unintended consequences. As her colleague, the hon. Member for South Northamptonshire, has already in effect told us, press releases will be sent out the moment the Bill comes into force condemning some Members for taking part in debates and votes on matters that the Bill declares as being for England only. I presume that there would also be condemnation of English MPs taking part in debates and votes on legislation that applies only to Wales. If we are going to reduce the number of Members of Parliament for Wales to 30, it will be difficult to take such legislation through effectively if there are not enough Back Benchers

[Chris Bryant]

to be able to make proper informed decisions about the measures under discussion. The direction of travel the hon. Member for West Worcestershire is taking us down is unfortunate.

I also think there will be unfortunate direct consequences, in that the number of Bills will increase, which will make things more difficult for us, and the number of clauses will also increase. We will end up with worse legislation because, as the hon. Lady has said, draftsmen will be required to try to provide absolute clarity that measures apply specifically to England, for example, or to Wales alone.

Damian Hinds (East Hampshire) (Con) *rose—*

Chris Bryant: That was going to be my last sentence, but I will allow the hon. Gentleman to intervene.

Damian Hinds: Have any of these adverse effects arisen as a result of the current statement of territorial extent?

Chris Bryant: Which specific declaration is the hon. Gentleman referring to?

Damian Hinds: I do not know what the hon. Gentleman means by "declaration" as I am relatively new to all this, but Bills currently have a statement of territorial extent, yet I am not aware of certain Members being shamed into not commenting on them.

Chris Bryant: Such declarations do not specify whether a Bill is exclusively English, Welsh or Northern Irish, or applies to all four territories or just two—or whatever. There has not been a problem thus far, and that is why I do not think there is any reason to make changes through legislation. I am even more sceptical about this Bill than the hon. Member for Peterborough (Mr Jackson) normally is about everything. If it proceeds to Second Reading, we will want to scrutinise and amend it robustly. As other Members have revealed, there are major problems with these measures that the hon. Member for West Worcestershire has not considered.

10.53 am

Iain Stewart (Milton Keynes South) (Con): I congratulate my hon. Friend the Member for West Worcestershire (Harriett Baldwin) on introducing the Bill. As we have heard, the question it addresses has excited people throughout history. I will not add to the exchange about history between the hon. Member for Rhondda (Chris Bryant) and my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg), but in its current guise the question has been around since the late 1970s, when Tam Dalyell, the former Member for West Lothian, posed it during deliberations on the Scotland Bill in 1977, although I believe it was Enoch Powell who coined the phrase "the West Lothian question" during those debates.

Like the Barnett formula, this question is one of the perennial issues in respect of devolution. I often ask myself why that is the case. Should we simply not ask the question any more, as Lord Irvine has suggested? Is this just a constitutional nicety that we should ignore? The answer to that is that if left answered, the question would gnaw away at the bonds that hold the Union together. I am a Unionist and the last thing I ever want to see is the Union of our United Kingdom being ripped up. That is why we must turn our minds to finding an answer to this question. My hon. Friend the Member for West Worcestershire rightly said that Members representing English constituencies get lobbied by our constituents on why some Scottish Members vote on matters that apply only to England. I am not saying that that is the primary topic of conversation down the "Nut and Squirrel" every Friday night, but it does come up sometimes.

Mr Iain Wright (Hartlepool) (Lab): On a point of order, Mr Speaker. I know that you have been in the Chair since the business of the House started this morning so you may not be aware that the High Court has just ruled in favour of the six local authorities who took the Secretary of State for Education to court over his Building Schools for the Future announcement. You will be aware, Mr Speaker, of the extent of the feeling on both sides of the House about this decision, and you will also appreciate the grave implications it will have for the policy of the Department for Education. It also calls into question the competence of the Secretary of State. Mr Speaker, have you received any notification that the Secretary of State will come to the House and explain the botched decision he made and say how he will move forward to make sure capital programmes for schools, including in my own constituency, will now be reinstated?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. I have received no indication from any Minister at the Department for Education of an intention or desire to make a statement in the House today. It would, of course, be open to a Minister to do so however, and the hon. Gentleman has put his point on the record. It will have been heard by Members sitting on the Treasury Bench, including the Leader of the House, and I am sure there will be other opportunities fully to explore these matters in the days and weeks ahead.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): Further to that point of order, Mr Speaker. Given the significant financial implications of this decision, have you had any indication from a member of the Treasury ministerial team that they will come to address the House today on the matter?

Mr Speaker: No.

Iain Stewart: I was about to give an example of why it is still extremely valid to address the West Lothian question. Last May's general election did not produce a parliamentary majority for any one party, but it did produce a majority in England for the Conservative party; the Conservatives won a clear overall majority of the seats in England. I accept that no party commanded an overall majority so we had to proceed to a coalition Government, but an alternative coalition to the current one could have been found, such as the "rainbow option" of Labour Members, Liberal Democrats, nationalists, Ulster Members and independents. In that case, the people of England who had voted clearly for a Conservative

Government would have been denied that Government, and we would, I think, have entered uncharted constitutional waters. I think there would have been a strong uprising in England on the basis that the will of the English voters had been thwarted. That situation did not arise, but it could have, so this is a very live issue.

A similar situation may arise in this Parliament over a vote to reverse the ban on hunting. That ban applies only to England and Wales from a vote in this House, because the matter is devolved entirely to the Scottish Parliament. Let us suppose there was a clear majority among English and Welsh Members to reverse that ban, but in the House as a whole, with the addition of Scottish Members, there was a wish to keep the law as it is. Why should Scottish Members be able to influence the decision in England or in England and Wales? That situation could arise and, although it might not be the most dominant issue in our postbags, we have to provide for that eventuality.

Mr Chope: My hon. Friend is making an excellent point. Will he also consider what might happen in this review that we have been promised? What happens if the commission recommends changing the arrangements to answer the West Lothian question, but that is then unrepresentative of English opinion?

Iain Stewart: My hon. Friend raises an intriguing possibility. I hope that the commission does report, but we cannot move to a new arrangement without the agreement of those in the existing system; that is part of our process of constitutional evolution. I hope that we do get that commission and I gently encourage my Front-Bench colleagues to speed it up, because I will wholeheartedly support it.

I wish to discuss an intriguing point made by a former Secretary of State for Scotland in the previous Government, Helen Liddell. It relates to a separate issue but it makes the argument well. When we were debating whether the United Kingdom should join the euro, the then Chancellor, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), set out five tests by which we should judge whether it was appropriate for the United Kingdom to do so. She made the point that a sixth test should form part of the overall considerations, which was the opportunity cost of not joining: was there a cost to the United Kingdom of not joining the euro? Similarly, we should consider the opportunity cost of not addressing the West Lothian question because if it is left unchecked at some point it will come back to undermine the Union. As a Unionist, that is the last thing that I want. My right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) was correct to say that this is an evolutionary process. I did not have the benefit of being tutored by Professor Bogdanor, but I was always taught by the equally eminent Professor Michael Rush at the university of Exeter that the British constitution is a product of evolution, not revolution. We should proceed on that basis, but that should not preclude us from turning our minds to this issue.

Theoretically, there are three perfect solutions to the West Lothian question, although I believe that we should reject them because they have other consequences that are either impractical or undesirable. The first option is that the Union ends, which is the wish of the Scottish National party, whose Members are clearly here in excessive number to debate this matter. They do have a perfect option, because under their solution the number of Scottish Members in this House would be zero and the West Lothian question would therefore not arise. However, for all sorts of economic, cultural and social reasons, I do not wish the Union to end.

The second option is to go back to the arrangement that was in place before we had the Scottish Parliament, either by abolishing that Parliament or by following the intriguing suggestion made by my hon. Friend the Member for North West Leicestershire (Andrew Bridgen) that Members of this House who represent Scottish constituencies should then form the Scottish Parliament and on certain days—for example, Wednesdays and Thursdays—only English Members would debate in this place. I fear that that is not a practical option at the moment. There is certainly no appetite in Scotland for reversing the Scottish Parliament, and as it was set up by a referendum it can be undone only by a referendum. That may become an option at some point, but I do not see it as a viable option now. Nevertheless, the suggestion would provide a neat solution to the West Lothian question.

The third option is to move to a fully federal United Kingdom, with one United Kingdom Parliament legislating on the big national issues—the economy, international affairs, defence and so on—and the Scottish Parliament, Welsh Assembly, Northern Ireland Assembly and a body for England then dealing, on an equal basis, with the issues affecting those areas. Such a system works perfectly well in Germany, Australia, Canada and many other countries, but the problem would be how to solve the "English question" in a federal situation.

One option would be to have a separate English Parliament with the same powers as the Scottish Parliament. As my right hon. and learned Friend the Member for Kensington said, and as others have argued, the difficulty with that is that England would represent more than 80% of the population and more than 80% of the gross domestic product in one unit. I cannot think of a stable modern democracy with an advanced economy where there is such an overwhelming dominant part in a federation. Any other country with a federal system contains two or more big states that balance each other out. For example, Canada contains Ontario and Quebec, and Germany contains Bavaria and North Rhine-Westphalia. If England were to be a separate entity in a federal system, the arrangement would have too much of an imbalance.

The other option would be to atomise England into regions—for example, the north-east, the south-west, Greater London and so on. There may be various permutations, but there is simply no appetite in England for that, even in the part of England where there was, allegedly, the highest demand for a regional government—the north-east. When people there were given the option of a regional government a few years ago, they overwhelmingly rejected it. In addition, we would face enormous difficulty in dividing England up. Our debates on the Parliamentary Voting System and Constituencies Bill have included an argument about a cross-border constituency involving Cornwall and Devon. Goodness knows what would happen if we tried to draw a boundary involving Gloucestershire, Cornwall, Dorset and other

[Iain Stewart]

areas to constitute "the south-west of England". I simply do not believe that federalism is a viable option in this country.

All that brings us to an imperfect answer, as we are not going to create a perfect solution to the West Lothian question unless we go down one of those three avenues. The Bill is a helpful first step in paving the way to finding that answer. I have looked at all the options over many years, although not for as long as my right hon. and learned Friend the Member for Kensington. I have ruled out some and I do take seriously the comment made by the hon. Member for Rhondda (Chris Bryant) that we would encounter difficulties if we started excluding Members from voting on particular bits of legislation. I strongly hold the view that every Member in this House is equal and when we start tinkering with that, we enter dangerous waters.

I do believe, however, that there is a solution and I am happy to endorse the one proposed by my right hon. and learned Friend: some form of a double majority. In such a system no Member would be excluded from participating in a debate or voting on a particular Bill or part of a Bill, but there should then be a requirement that if that Bill applied wholly or exclusively to one part of the United Kingdom, an additional majority would be required among Members from that area.

Chris Bryant: But is the difficulty not that, for the most part, Governments introduce legislation in our system and a Government who were nervous about their majority would simply ensure that Bills contained separate clauses relating to Wales, to Northern Ireland and to Scotland, so we would not be any further forward?

Iain Stewart: I would answer that by saying that a Government who do not command the majority in all parts of the kingdom should approach with caution legislating against the will of a part where they do not command a majority. For example, one of the main arguments for devolution was that this place would legislate against the wishes of Scotland, if the Government did not command a majority in Scotland. If the Government do not command a majority, they should approach with care legislating for the whole kingdom, if that does not command support across the board.

Chris Bryant: One should assume that Governments will be unscrupulous. Hon. Members are always scrupulous, but Governments, in their corporate management of taking business through the House, might be unscrupulous. There is the myth that the previous Labour Government did not have a majority in England, but they had the majority of seats in England. I say gently to the hon. Gentleman that the Bill will not solve the problem.

Iain Stewart: I will not comment on the previous Government's approach to legislation.

Chris Bryant: It is the same now.

Iain Stewart: I beg to differ.

As I have said, there is an opportunity cost to not addressing the issue. My contention is that doing nothing carries a greater price than doing something, which is why I strongly welcome the Bill.

Andrew Bridgen: The previous Government may well have had the majority of seats in England, but they did not have the majority of the votes.

Chris Bryant: Yes, they did.

Andrew Bridgen: Once again, the hon. Gentleman comments from a sedentary position. The previous Government did not have the majority of the votes in England. I am a Unionist, and I wholeheartedly support the Union. The biggest risk posed by not addressing the West Lothian question is that the dissatisfaction of English voters, rather than the dissatisfaction of Scottish or Welsh electors, will force the Union apart.

Iain Stewart: My hon. Friend makes an important point. Sadly, I do not have the statistics, but I believe that my hon. Friend the Member for North West Leicestershire (Andrew Bridgen), rather than the hon. Member for Rhondda, is correct about the outcome of the 2005 election in England. Hon. Members with BlackBerrys may be able to provide us with that information. Perhaps the hon. Gentleman and my hon. Friend will debate that one in the bar afterwards.

Doing nothing is more dangerous than doing something. I am yet to hear a convincing view that the double-majority option is worse than the current situation. The approach should, of course, be gradual. We should evolve our constitution, rather than smashing it up and piecing it together again, which is why I am happy to support the Bill introduced by my hon. Friend the Member for West Worcestershire. I hope that the Bill is read a Second time today and that it gets a fair wind in its later stages.

11.13 am

Damian Hinds (East Hampshire) (Con): I want to speak briefly in support of my hon. Friend the Member for West Worcestershire (Harriett Baldwin) and her short, simple and splendid Bill.

The previous Government started a number of constitutional journeys that did not have clear destinations. The reform of the other place is one example, and devolution is another—as my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) has correctly pointed out, devolution is more than one journey.

The Bill does not tell us exactly where we are going. It does not buy us a map or a TomTom, but it points the vehicle in the correct direction and provides greater visibility of the road ahead. The real divide is between those who think that the West Lothian question is a question that needs to be answered, and those who think that it is a question that might just go away. As my hon. Friend the Member for Milton Keynes South (Iain Stewart) has put it, the question needs to be answered, if we care about maintaining the Union and carrying the people of the United Kingdom with us.

The hon. Member for Rhondda (Chris Bryant) discussed the declaratory effect of passing this Bill. He is right, but the declaratory effect would be a good thing, because it would make it clear that this House thinks that the question needs to be answered. The Bill does not answer the question, but it makes it more urgent.

We have discussed a number of options today, such as the double-majority option. The double-lock system, which is slightly different, was proposed by the taskforce

on democracy, which was chaired by the Secretary of State for Justice. The double-lock system is an elegant solution to the problem, where the whole House would vote on Second Reading and Third Reading, but only English MPs would be allowed to vote in Committee and on Report. The great advantage of that system is that it would force people to negotiate. If, as a side effect, there were slightly less legislation, it would not be such a bad thing. *[Interruption.]* I do not accept that there would automatically be more legislation caused by Governments duplicating Bills to cover the different constituent countries of the kingdom.

As I have said, the Bill is a first step. It is not the solution to the West Lothian question, but it does enable it. When it comes to constitutional change, baby steps are good steps—incrementalism is a good thing, rather than making great lurches forward. The constitution is an organic and delicate thing, which we change at our peril. In her Bill, my hon. Friend the Member for West Worcestershire neatly gets around the two major objections on territorial extent: namely, the potential politicisation of the office of the Speaker and the implications for the Barnett formula.

I am happy to support the Bill. I hope that it is read a Second time today and that it completes its later stages.

11.16 am

Bob Stewart (Beckenham) (Con): Surely this is all about fairness for constituents who have a Member of Parliament. It is also about a Member of Parliament's right to represent their constituents.

I agree with the hon. Member for Rhondda (Chris Bryant) that it will be difficult to sort out the problem. As we have heard, the problem goes all the way back to Simon de Montfort. Equally, we must remember the problems with the Irish Home Rule Bills in the late 19th century, which were solved—kind of. We had Stormont until 1972, which I can recall operating when I was a soldier.

The issue will become increasingly important as power, particularly the power to raise taxes, is dissipated down. As I understand it, the Scottish Parliament might be able to raise 2p in the pound on income tax. Is that correct? I think that it is. The Scotland Bill may allow more discretion on that. When one starts talking about money as well as issues such as health, education and prisons, there is a big difference. It is important that we find a way ahead, but it will not be easy.

I have had a few tangles with the Table Office, when I used what I thought were plain words in a question. I have had to go there several times after my homework was sent back, but I am sure that the clever people in the Table Office can design a form of words that will help. Surely it should be possible to identify whether a Bill concerns England, Scotland, Wales or Northern Ireland.

Chris Bryant: That has not always been my experience of the Table Office, which is often directional and forceful in saying that one cannot table a particular question in, for example, Welsh questions. In such cases, it is often drawn into rows.

Earlier, I suggested that Labour won more votes than the Conservatives in the 2005 election. Actually, we were 70,000 votes short but 92 seats ahead.

Bob Stewart: I thank my hon. Friend—well, not my friend, but he could be, if he is nicer. I thank the hon. Gentleman.

It will become increasingly important that we address this problem. I am sure now, too, that that problem will be helped by some sort of solution, such as that suggested by my right hon., learned and former Friend the Member for Kensington (Sir Malcolm Rifkind), who is not in his position, but whom I shall make it up with. Before you were here, Madam Deputy Speaker, I called him "old friend", and he said, "Not as old as you." *[Interruption.]* I am so sorry; I am getting into more trouble now. Forgive me, Madam Deputy Speaker. I was referring to my right hon., learned and somewhat gallant Friend the Member for Kensington, who produced an elegant solution that would not be a big problem to sort out: the double vote, which my hon. Friend the Member for Milton Keynes South (Iain Stewart), who shares the same name as me and who must be slightly Scottish, as I am, suggested that he endorsed as well.

Chris Bryant: I keep on thinking up more reasons why I dislike that double mandate, so I will suggest another one: one of the reasons why, traditionally, we have granted that a Bill should be given a Second Reading is so that it can be amended. Quite often, hon. Members will allow a debate on Second Reading to proceed because they want to amend something. That is the danger. Many hon. Members might want to amend a Bill to include Welsh or Scottish provisions, but they might have been prohibited from taking part in the debate on Second Reading, and that rather conflicts with the whole purpose of such a debate.

Bob Stewart: I thank the hon. Gentleman for, once again, being so perceptive as to pick a few little holes. I accept that this is not an easy problem; there is no easy fix. That is why my hon. Friend the Member for West Worcestershire (Harriett Baldwin) is suggesting a gradual, slow change, which I support. But I also support the idea that, when the commission sits this year, as we learn, it considers a solution. I prefer evolution, rather than revolution. I would prefer that we start to address this problem, and I am attracted to the idea presented by my new friend, my right hon. and learned Friend the Member for Kensington, who has departed for a coffee. I endorse in the meantime my hon. Friend's Bill.

11.22 am

Martin Vickers (Cleethorpes) (Con): I congratulate my hon. Friend the Member for West Worcestershire (Harriett Baldwin) on presenting the Bill. The contributions so far have shown

"what a tangled web we weave".

I support devolution as far as it has gone, but I am a great supporter of the Union. That is why my hon. Friend has done a service by promoting further debate.

Chris Bryant: The hon. Gentleman started the quotation but did not finish it:

"Oh! what a tangled web we weave

When first we practice to deceive".

I am sure that he is not suggesting that the Bill is deceiving.

Martin Vickers: That is why I used only the first half of the quotation. I would not dream of suggesting anything such as deception.

I recognise the growing concern—irritation would be one way of putting it—among my constituents, who rightly or wrongly feel that there is now an injustice and that Scotland has a greater say and influence over issues than they do in Lincolnshire. We in the Cleethorpes constituency are in the Yorkshire and Humber region. We do not like that, but the fact is that, officially, we seem to have been consigned to it, where there are 54 constituencies. So, in theory, the 59 constituencies that make up Scotland could overrule my constituents' wishes on an issue that affected only their region.

Many hon. Members have talked about the designation used in Bills—for example, the Energy Bill states that it is limited to England, Wales and Northern Ireland and the Education Bill states that it is limited to England and Wales. It does not seem beyond the wit of man to find a system whereby Bills were designated as applying only to one part of the kingdom or another.

The Bill's great strength is that it asks for a common-sense approach to be taken to the process of debate and scrutiny of draft legislation that applies only to the people of England. The anomaly that has been rather misleadingly entitled, "the West Lothian question" exists as a procedural quirk in our system. The Bill proposes that the citizens of England be given the same representation on draft legislation and that we who represent the people of England be given the same accountability as those who represent the devolved nations.

The thrust of the Bill is not something that is radical or unsupported but is a call for the implementation of the ideal of representation, which is the core of our system. I always hesitate to use the word "fair", but the people of my constituency feel, as I mentioned a moment ago, that the system is unfair to them. The word "fairness" is used a lot in politics these days. It is rather a dangerous concept for politicians. Of course, people think that something is fair only if it is to their advantage. The present system is seen by English people as unfair.

Mention has been made of the Conservative democracy taskforce. Its contribution to the debate has been welcome. I had rather thought that its thoughts and conclusions had been put, as with so many reports, into the litter bin of history, but we have perhaps resurrected them this morning. Of course, as has been mentioned, the taskforce suggests that the Committee stage could be taken by English Members if a Bill related only to England—that seems perfectly reasonable—and that the whole House would contribute again on Third Reading. I quote Lord Hurd:

> "The government of the United Kingdom would have to ensure that its English measures were acceptable to enough English MPs—or else not put them forward. There would be nothing extraordinary in this process: it is called politics."

That seems an eminently sensible contribution to the debate.

The taskforce proposals would retain the overall parliamentary majority of the UK Government for all policy and daily business. English MPs would have reserved to them only the detailed scrutiny and amendment of legislation that exclusively affects their constituents—the residents of England—but legislation that contained unacceptable amendments passed in Committee could be rejected. That seems an eminently sensible way forward.

I support the Bill because it allows the debate to continue. Perhaps we are on the road to a more federal system, and if we are it is essential that we stop seriously to debate and consider all possible aspects, but the Bill has a downside if taken to its logical conclusion. Although I represent Cleethorpes, I live in the neighbouring constituency of Great Grimsby. Although my representative is not in his place, I am sure that he would not mind my mentioning one aspect of Grimsby. There is something called the Grimsby Pastures Act, which was first passed in 1849 and renewed in 1949, and it relates to the almost unique system of freemen of what was the borough of Great Grimsby.

Freedom of the borough is not an honorary title but an hereditary position. The freemen own a considerable amount of land in the borough, the income from which is distributed to the freemen. Only a few hundred of them are left now. My father was a freeman, but by some quirk of the system, because I was born in Cleethorpes, I did not succeed and I am therefore a few hundred pounds worse off. When that Act comes up for renewal in 2048, only the hon. Member for Great Grimsby (Austin Mitchell) would be able to vote. That guarantees a majority, but hon. Members can understand my logic.

I support the Bill. My hon. Friend the Member for West Worcestershire has contributed considerably to the debate on the thorny West Lothian question, and I will support the Bill in the Lobby later this morning.

11.29 am

Jacob Rees-Mogg (North East Somerset) (Con): The Bill promoted by my hon. Friend the Member for West Worcestershire (Harriett Baldwin) is tremendously important because the West Lothian question is the constitutional question of the day. That question and reform of the House of Lords are the two issues with which politicians and parliamentarians have wrestled since just before the first world war, although no great solution to either has come forward. Today's debate gives us the opportunity to examine what the solution to the question might be and how the Bill might contribute.

Although I am sympathetic to what the Bill is an attempt to do, I have several concerns about its details, some of which were spelled out by the hon. Member for Rhondda (Chris Bryant), when we get down to the approach to Bills that Governments might take. What classifications would we have? Some issues are devolved to Scotland, Wales and Northern Ireland, while some apply throughout the United Kingdom and others are purely for England. A Bill might cover English issues and matters that are not devolved to Wales but are devolved to Scotland. Would a Standing Order of the House allow English and Welsh Members to consider that Bill, but not the Scots or the Northern Irish? What if one clause of a Bill related to all parts of the United Kingdom, but all the other clauses related only to England? Would Members from Scotland, Wales and Northern Ireland join proceedings in Committee and on Report to vote on that particular clause, although they had been kept out of Committee and Report for every other part of the Bill, subject to the Standing Order that would follow from the Bill? The sheer complexities of clarifying territorial extent are probably too great.

Our present position is relatively straightforward. An Act of Parliament can technically overrule a devolved power, but Governments have not been willing to bring

forward such a measure because of the great constitutional investment involved in establishing the devolved authorities, all of which were backed by referendums in their constituent parts. If the Bill were passed, England would be protected purely by Standing Orders. It is almost an insult to the English to say, "We had a referendum and then a Parliament for Scotland, and we carried that out in a thorough and proper way, but for the English, we will have a Standing Order." Of course, the drawback to a Standing Order is that an incoming Government could simply remove it so that all MPs could once again vote on all Bills in Committee and on Report. They would lose little political capital if they did so, because a comparatively small amount of political capital would have been invested to set up the previous system, unlike under the referendums prior to setting up the systems of devolution in Scotland, Wales and Northern Ireland.

Stage two from this Bill seems to involve fundamental flaws of definition and description. As my hon. Friend the Member for Cleethorpes (Martin Vickers) suggested, it could give rise to ridiculous situations. We will shortly be asked by their lordships to consider whether the Isle of Wight should remain an individual constituency. I rather like the idea that only one Member of Parliament should be able to vote on that. I know without any doubt which way my hon. Friend the Member for Isle of Wight (Mr Turner) would vote, but I have a feeling that the Minister would not be entirely happy if the decision of the House was made exclusively by my hon. Friend.

We must be careful about taking territorial extent too far, and there are huge areas in which the situation would not be clear. Let us say that we considered a Finance Bill following the devolution of tax-raising powers to Scotland. Would we go through that Bill with different people sitting on different Committees for each clause, depending on a statement made by the Chancellor of the Exchequer? Would we have two separate Finance Bills? As the hon. Member for Rhondda said, we could have a succession of Bills to try to tease out regional effectiveness. It would be incredibly difficult to make such a situation work.

I am afraid that I disagree with my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) because there is a difference between having an in-built majority to stop something throughout the five years of a Parliament, and a hung Parliament. Let us put it this way: roughly 100 seats are not English, so 550 seats are English. If 300 of those 550 seats were held by Conservative Members, the Conservatives would have a complete block on all English legislation for an entire Parliament. In a hung Parliament, there is an acceptance among minority parties that the Government's business must be carried, but the main Opposition will oppose day in, day out throughout a hung Parliament, as we see in this hung Parliament and as we saw in the 1970s. In such a situation, the official Opposition would have a majority of English seats, and therefore a block on all exclusively English legislation for the whole Parliament, so the Secretaries of State for Health and for Education would find it almost impossible to get any of their legislation through.

Iain Stewart: My hon. Friend makes my point for me, as does my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind). If the general election produced a clear majority for one party in England, but the result for the United Kingdom as a whole was different, the UK Government should proceed with the utmost caution and not introduce legislation that would be diametrically opposed to the wishes of English Members.

Jacob Rees-Mogg: My hon. Friend makes an important and valid point. The West Lothian question is serious, but the answer is not necessarily one that we have been given so far. Just because the question is right, it does not mean that an answer to it would necessarily work. My hon. Friend is correct to say that if the majority of English seats had been won by Conservatives but we had ended up with a rainbow coalition, it would have caused huge dissatisfaction and opposition within England, as well as a feeling that the Union was not working for England. I want the Union to succeed and prosper, so I want an answer to the West Lothian question to come forward which the English find fair and with which they are comfortable.

My right hon. and learned Friend the Member for Kensington was right to emphasise the issue of fairness, but such fairness needs to be met with constitutional propriety and effectiveness. We have heard a great deal about the fairness so far today, but not about a workable constitutional situation, and that will not do us any good because however much one dislikes the Opposition party being in government, it will be one day, and when it is in government, it must be able to get its programme of government through. The way to stop that programme of government is not to put down so many constitutional man traps that that Government cannot get their business through, but to defeat them at the ensuing general election and reverse the worst elements of what they have done. The Bill would lead to a system that would make it incredibly difficult for a Labour Government to get their English business through, but that is not an answer to the West Lothian question because it would simply mean that that Government would have to reverse the protections that had been introduced, and I would have the gravest concerns about such protections being established purely through Standing Orders of the House.

I know that this is not in the Bill, but its purpose is to establish the declaration so that Standing Orders can then be built either to put in place the double majority suggested by my right hon. and learned Friend the Member for Kensington, or to establish practice in Committee and on Report. Is it right for us to change the whole basis of legislation through Standing Orders? Standing Orders can rightly do many things concerning the hours that we sit and the way that business is timetabled, but they do not tend to change the fundamental way in which legislation is taken through the House.

Harriett Baldwin: I thank my hon. Friend for giving such an eloquent speech on some of the issues surrounding legislating on this subject. Does he accept that the Bill stops well short of giving any direction whatever as far as Standing Orders are concerned? It simply says that draft legislation will outline its impact and, in a side statement, its financial impact.

Jacob Rees-Mogg: I thank my hon. Friend for making that point, but I was rather hoping she would not, because there is a desperate tendency on Fridays towards

[Jacob Rees-Mogg]

motherhood-and-apple-pie Bills that say nothing very much about anything in particular. If her Bill is that type of Bill, what on earth are we doing discussing it? If it just says that the Minister, out of the kindness of his heart, will say a few words about where an Act applies, it is completely and utterly pointless, and the House should not discuss things that are pointless. We do that on Fridays, and Madam Deputy Speaker is amazingly patient in listening to some of these discussions.

My hon. Friend's Bill has to be an important stepping-stone in answering the West Lothian question, or it is nothing. I give her credit for having the courage to begin to address that question, rather than just detaining us here when we could be doing work in our constituency on a Friday. I hope that she will not try to hide behind the minutiae of the Bill instead of looking at the bigger picture, because that bigger picture is crucial.

My hon. Friend is right to put pressure on the Government to come up with a solution that can be debated in Government time. In that respect, the Bill is really noble, because the Government do have to think about the issue. It is unfair on the British—the English; I apologise for using those two words synonymously, as I know the English do a great deal.

Chris Bryant: And the French.

Jacob Rees-Mogg: The French?

Chris Bryant: The French very regularly confuse "anglais" with "britannique".

Jacob Rees-Mogg: I thank the hon. Gentleman for that illuminating point. I always thought that the auld Alliance meant that they were rather keen on the Scots, but that may be a slight diversion.

What ought the Government to do and to think about as they approach a solution to the West Lothian question? They have to think about the practicalities. We have had learned discussion already today about how difficult it would be to have an English Parliament, because one would then have an English Government, and that would be simply too big. That is the problem that Balfour identified when first discussing Home Rule. He asked what we do about England, when we have Ireland, Scotland and Wales as nations. Do we chop England up, or simply have it swamping the whole new system that is being established? If there is an English Prime Minister and a UK Prime Minister, who does the President of the United States visit when he comes? He sees the English Prime Minister, because the UK Prime Minister would have peripheral powers. He might have a slightly better house, but that would be the extent of it. There is not an easy solution to the English Parliament issue.

There is then the question of English votes on English issues, but the more one discusses that superficially hugely attractive option, the more one discovers that it does not work, because there would be two tiers of MPs, and a Whitehall Government that could not get a major part of its legislation through and would therefore begin to fail. One would then begin to try to chop up the procedures, so that the Government could decide which MPs debated which bits of legislation, but that would not work either, for reasons that we have discussed. There was mention of the Welsh Grand Committee and how little that was able to succeed in doing; and when the Conservatives were last in government, they thought that a sop to devolution would be to have a Scottish Grand Committee. The fact is that the governing party has to be able to get its parliamentary business through. Whatever schemes it sets up will not work if that fundamental principle is not followed, and will be changed to the extent that they cannot be used.

So what do I suggest that the Government do? That is the nub of it. We will have an election at some point in which the Conservatives have a clear majority in England but are not the major part of the governing group. At that point, there will be squeals of anguish from the English electorate, and the Conservative party will use that all it can for political advantage. We will find that the Union comes under fundamental attack. I agree with my hon. Friend the Member for Milton Keynes South (Iain Stewart) that any attack on the Union is likely to come not from the Scottish nationalists but from English nationalists, fed up with the way that they are being treated.

I would like the Government to consider the proposal that we heard earlier about allowing the two Parliaments and the one Assembly to come together to some extent, but I accept that that is difficult. As a result of how they were set up, it would be problematic to change them at this stage, but it may be that something could be done along those lines. Alternatively, the thing will simply have to be done in the best form of British fudge—that is, Labour Members, when in government, will have to be enormously responsible and self-denying about what they do in England, and conventions will have to become very important in our constitutional settlement. If it becomes a convention, but is not formalised, that English representation will have a majority, or will at least accept a veto on extremely controversial measures, that may be a fudge that would work.

It is interesting and worth noting that on both big constitutional issues—reform of the House of Lords and the West Lothian question—after 100 years of the best brains trying to find a solution, no obvious solution has come up. With every solution that does come up, after one has thought about it for a week or two, one sees any number of holes in it. I therefore see absolutely no reason to oppose the Bill when we come to vote on it. There is nothing objectionable in it, and my hon. Friend the Member for West Worcestershire has been very sensible to ensure that that is the case. It is good to push the Government, but I would not hold my breath—I do not think that I can breathe in for the next 100 years—waiting for a solution to this almost intractable problem. However, we have to recognise that, as my hon. Friend says, the English may get deeply fed up with the current situation, and when they do, that is when the Union will be most at risk. That is, I think, what most Government Members, and at least one Member on the Opposition side of the Chamber—the hon. Member for North Antrim (Ian Paisley)—would be extremely keen to avoid.

11.48 am

Ian Paisley (North Antrim) (DUP): It is always a pleasure to follow the clever—and highly witty, at times—speeches made by the hon. Member for North East Somerset (Jacob Rees-Mogg). I also congratulate the

hon. Member for West Worcestershire (Harriett Baldwin) on getting the Bill before the House. However, my flattery stops at that point, I am afraid.

I have significant difficulties with the Bill, because I believe that it does the exact opposite of what the hon. Lady intends. I believe that she is a good Unionist and that she cares passionately about the United Kingdom of Great Britain and Northern Ireland. However, the Bill could be the slippery slope towards the disengagement of that Union, and that should be avoided.

The hon. Member for North East Somerset talked about the ridiculousness and pointlessness of certain legislation, and I believe that if this private Member's Bill were to be pursued to its ultimate conclusion, we would effectively have what has been described on other occasions as wallpaper. The hon. Lady let the cat out of the bag during her earlier interjection; she said that the Bill wanted only to do something very simple. During my short time at the House, I have found that there is nothing simple about legislation. If we think that a simple piece of legislation can cure ills, we are misguided in our observation.

Some arrant nonsense has been spoken—and, unfortunately, passionately believed by some Members. The idea is that Members of Parliament from Scotland, Wales and Northern Ireland are somehow, to use the parlance of the street, more feckless and lazy than Members from England. That is wrong, and it is condescension of the highest order.

If the Member who made that point wishes to check *Hansard* or the website theyworkforyou.com for Back-Bench interventions, speeches and contributions to the wealth of the House, he will probably find that there are Members on the Opposition Benches from those regions whose contributions to the debates and activities of the House are above average or significantly greater than some Government Back Benchers. We need to be careful before pointing the finger at the level of skill or contribution brought to this Parliament by Members from the regions.

Iain Stewart: I reassure the hon. Gentleman that many of us who passionately believe that we have to address the West Lothian question also believe in the equality of the work loads of Members. I do not believe that that is an intractable problem. Although some of my colleagues might believe that for Members from devolved areas there is a lighter load from postbags or parliamentary work, not all of us hold that view.

Ian Paisley: I do not think that the view is necessarily commonly held, but we should caution ourselves. When we speak in this place on behalf of the Union and such points are made—not in jest, but seriously—that seriously undermines the standing of the House and its Members. That is not what we should be about. We should bear that in mind.

Chris Bryant: Has the hon. Gentleman had the following experience, as I have had in the past couple of weeks? As a Welsh Member of Parliament, I have had a lot of e-mails and correspondence from my constituents on the issue of selling off forests. That does not apply in Wales, but the issue is deeply felt by many in my constituency.

Ian Paisley: I appreciate that intervention. I got at least three forest trees of letters through my door from people passionately asking me to oppose or support the plan, depending on where the correspondence came from, even though it does not directly affect Northern Ireland. I exercised some caution. I recognised that although it did not directly affect Northern Ireland, I could attend the debate and listen to the arguments. However, I did not vote; I deliberately made a choice not to do so, because I believed that it was a matter for Members who were directly affected and whose constituency issues rested on it. The issues were addressed in the devolved Assembly. I had the right to vote, but I also had the choice of whether to exercise it.

If Members feel that they are missing out, they should look at the devolved Assemblies. What exactly are they doing? Last week, our Assembly in Northern Ireland, of which I am no longer a Member, was dealing with legislation for safety helmets for bicycle riders. A dog fouling Bill was also introduced. We are not missing a lot. We should not think that there is stuff going on in those regions that we should really be getting our teeth into and ask why Members there are getting it while we are not. We are not missing that much, and we should bear that in mind.

I turn to the substantial point that I have in mind. I am a Unionist, and a proud one, but my Unionism is as strong only as each component part of the Union. My Unionism is deleted if Scottish or Welsh Unionism is deleted or English Unionism is not strong. As a Member for Northern Ireland, I have a responsibility to encourage the Union and see that it is strengthened. The Union is as strong only as each of its component parts. If Northern Ireland or Scotland are made weaker by legislation such as this, Unionism is made weaker. We should tread very carefully.

Harriett Baldwin: I thank the hon. Gentleman for coming along to participate in the debate, because his perspective is valuable. Will anything in the Bill prevent him from voting on anything? The Bill could allow our unwritten constitution to evolve so that Members might indeed choose to abstain in the way that he describes.

Ian Paisley: The beauty of an unwritten constitution is flexibility. As Burke said, we are here to give to the people who elect us not just of our industry, but of our judgment. We are elected to make judgment calls, and we should have the sense to make those calls without that having to be written down, as the hon. Member for North East Somerset said, in a motherhood-and-apple pie way. That is what we seriously need to avoid.

I passionately believe that there is a real danger that if we create a two-tier Chamber, instead of having a wonderful House of Commons, we will have a House of little Englanders. That does not serve this nation or the interests of any member of it, whether they are in the Hebrides or Fermanagh. We need to recognise that.

We all pay the same taxes. If we want changes to taxation, the Magna Carta gives us rights to be represented in this House. We should passionately hold on to those. I appeal to my Conservative and Unionist friends to recognise that they should not play party politics with the constitution of this nation because they fear that the English will become bad Unionists in future. They need to be careful. They have a responsibility to lead the

[Ian Paisley]

people of England into believing as passionately in the Union as I do. They can do that only by discouraging the view that we need another Parliament for the English. They and the House need to encourage the strength of Parliament and the development of powers here.

The hon. Member for North East Somerset said that he would like some mechanisms to be developed, but there are already such mechanisms, such as the British-Irish Council. The BIC is supposed to strengthen east-west relationships and bring the Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly together with members of the Government of this United Kingdom, and indeed at times with members of the Government of the Republic of Ireland. Those mechanisms should be encouraged and worked on. If the House does not play its full role in the BIC, it should get up off its proverbial bottom and do so, and demonstrate why we, as Unionists, can be stronger not as individual components but as a whole.

I leave those points with the House. I cannot support the Bill.

11.57 am

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): I congratulate my hon. Friend the Member for West Worcestershire (Harriett Baldwin), my constituency neighbour, on introducing this private Member's Bill. She has been in the House of Commons for only a brief time, but has already secured a place in the ballot for private Members' Bills significantly higher than I ever achieved—I never got into the top 20—and significantly higher than many other hon. Members. I am grateful to her for introducing a measure that has engaged Members on both sides of the House in a thoughtful way.

The West Lothian question is the backdrop to my hon. Friend's Bill. Of course, calling the problem the West Lothian question makes it sound somewhat obscure to most voters. We had a go at rechristening it the English question, but that never seemed to work, so I shall use the old nomenclature. My hon. Friend wants to tackle the question, and she and I have discussed it, after which she has looked at her proposals and improved them. I am not sure that the Bill is exactly as the Government would wish, so at the end of my remarks, particularly because of the complexities involved, I shall test the opinion of the House. However, if the Bill goes into Committee, I look forward to working with her constructively to improve it.

Hon. Members on both sides of the House raised a number of issues. It is worth going into the background and being clear about what we are talking about when we talk about legislation that affects different parts of the UK. The hon. Member for Rhondda (Chris Bryant) picked up something that my hon. Friend said when she talked about legislation that affects different parts of the United Kingdom. He referred to parts of the Parliamentary Voting System and Constituencies Bill—I am sure that Members are waiting with bated breath to debate it again next week—that affect Wales. There is a distinction between legislation that affects different parts of the country and legislation under which decisions are reserved to Westminster and are properly not taken by the devolved Assemblies, which are different things. This House can legislate for things where the decisions are reserved here, as the hon. Gentleman said.

For example, there are electoral matters which, although decisions on them may affect only Wales, are reserved to the Secretary of State. In those cases, one could perfectly happily conclude that it was quite right and proper for every Member of this House to vote on such decisions, even though they affected only Wales. There are also cases where it has been decided that decisions should be devolved—in this case to the Welsh Assembly—and that this House should not legislate on them. Members may well want to make a distinction in those cases, because they might not think it proper for the whole House to vote on the equivalent decisions that affected only England. The argument would be that in Wales, for example, it is Welsh Assembly Members who are taking those decisions, whereas in England, Welsh MPs should not be making the same decisions for English constituents when they do not play that role in their own constituencies. It is the asymmetry in these debates that causes some disquiet in England. It is not so much the fact that, in this example, Welsh MPs would be voting on issues that affected only England; it is the fact that English MPs have no say on the same issues in Wales.

My hon. Friend the Member for West Worcestershire ran through a number of potential solutions. She also noted—as did a number of other Members, including my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg)—that one solution to the English question posited by the previous Government was to introduce some kind of regional devolution. She noted that this solution had been rejected decisively in the north-east. Indeed, the neighbouring constituencies that the two of us represent highlight that very well. There is a lot in common between Gloucestershire, Herefordshire and Worcestershire, yet we are both in different Government office regions and different regions for the European Parliament. We have neighbouring constituencies, yet there is quite a significant dividing line between some of the ways in which we represent our constituents. How we would divide up England would therefore not be a straightforward matter, as the previous Government found, and as any future Government would also find.

In setting out the intention behind her Bill, my hon. Friend was keen to avoid any danger that the Speaker would be drawn into controversy. It is fair to say that Mr Speaker is not known for courting controversy of any kind, and I am sure that he would very much welcome her intention to ensure that he did not inadvertently get drawn into any.

My hon. Friend the Member for North West Leicestershire (Andrew Bridgen) made an interesting suggestion, which will have been noted, for effectively abolishing Members of the Scottish Parliament, Welsh Assembly and Northern Ireland Assembly, and instead having just Members of Parliament with different roles. That is an idea, but given where we start from, I am not sure that it is achievable. It may have been a good solution in the pre-devolution era, but given that those devolution settlements were set up and approved by the people in referendums, I am not sure that it is possible.

My right hon. and learned, and eternally youthful Friend the Member for Kensington (Sir Malcolm Rifkind) proffered his East Lothian answer to the West Lothian question. He drew attention to the fact—this is a critical point—that, with the three devolution settlements, a large number of Members of Parliament now represent

parts of the United Kingdom with a devolved Parliament or Assembly. That is an important issue that this House needs to deal with. He put forward a solution involving, effectively, a requirement for a double majority on the Second and Third Readings of Bills, and it would certainly be worth while for the commission that the Government will set up to consider that.

My right hon. and learned Friend also referred to the concerns raised by Vernon Bogdanor, who, as the hon. Member for Rhondda pointed out, is my old politics tutor. Professor Bogdanor taught politics not only to me but to the Prime Minister. I am not sure what the Prime Minister would say about this, but I know that the professor and I have both come to the conclusion that neither of us has managed to persuade the other of anything much that we believe. He and I had a debate on the Fixed-term Parliaments Bill, and, when I was giving evidence to the Political and Constitutional Reform Committee, I drew attention to the concerns that he had raised. I subsequently received a communication from him that broadly confirmed that I have still not managed to persuade him of anything. I did not persuade him of much in my essays at university and he did not persuade me of his views.

Michael Ellis (Northampton North) (Con): What grade did you get?

Mr Harper: That is an interesting question. This is one of the key differences—not the only one—between me and the Prime Minister. He got a first, but I only got a 2:1, which probably explains why he is the Prime Minister and I am just the Minister for Political and Constitutional Reform.

My right hon. and learned Friend the Member for Kensington made several good points. Despite the attempts by my hon. Friend the Member for Christchurch (Mr Chope) to put my right hon. and learned Friend's name forward to serve on the commission that we will set up, I noted carefully that he declined the opportunity, saying that he would be happy to give evidence to it.

Chris Bryant: I hope that I am not breaking a private confidence when I say that Vernon Bogdanor told me that he thought that the Minister, when he was his student, was very clever and bright and clearly destined for greater things, but that it was a shame that he had fallen among thieves of late.

Mr Harper: I have just looked at the expression on you face, Madam Deputy Speaker, and I think that I am going to be generous and describe the hon. Gentleman's use of the word "thieves" as an attempt at humour. I do not think that it was a very successful attempt, but this is perhaps the best way to get him out of the difficulty that he might otherwise have got himself into.

Mr Chope: My right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) is champing at the bit to give evidence to the commission. Will the Minister tell us when it is going to be set up, so that my right hon. and learned Friend can do that? I hope that it can be within weeks, rather than months.

Mr Harper: If my hon. Friend can wait just a little longer, I will come to that important point.

My hon. Friend the Member for West Worcestershire had talked about the Welsh Grand Committee, and the hon. Member for Rhondda made a very telling comment—I am sure that he will correct me if I did not hear him correctly—when he leapt to his feet and said that the Committee was otherwise known as the Welsh grandstanding Committee. I think that that is what he called it; he is not demurring. He said that if that was the solution, we were not asking the right question. I wanted to ensure that I had heard him correctly, and to put on record that he thinks the Welsh Grand Committee is a grandstanding Committee. I am sure that my right hon. Friend the Secretary of State for Wales will bear his opinion in mind when Welsh Labour Members are making bids for issues to be considered by the, as he called it, Welsh grandstanding Committee. I am sure that she will find his intervention extremely helpful.

Ian Paisley: I am slightly confused. Did the hon. Member for Rhondda mean that it was a grand Standing Committee or a grandstanding Committee?

Mr Harper: In view of what I think the hon. Member for Rhondda was saying about the way in which the Committee had behaved from time to time, I think he was making it clear that he felt it was a Welsh grandstanding Committee. I think that it is helpful to get that point on to the record.

Chris Bryant: Well, this is a grand debate, isn't it? The truth is that, all too often, the Welsh Grand Committee has been a pretty futile body. It is all the more futile when the Government give it matters to discuss that its members do not want to discuss, and when those decisions are made only by the Government and not by the Committee's members.

Mr Harper *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. I have let this run a little bit, but I think that we should now return to the Bill. This is not a debate about the Welsh Grand; it is a debate about the hon. Lady's Bill, and I would like the Minister to return to that subject.

Mr Harper: I am grateful, Madam Deputy Speaker. I detected that the House probably felt that that part of the debate had run its course.

My hon. Friend the Member for Milton Keynes South (Iain Stewart) made a powerful speech in favour of the Union, but he cautioned about the reason why we should answer the West Lothian question. He noted that in last year's general election, the Conservative party had a majority of seats in England and that if our right hon. Friend the Prime Minister had not led in such a bold fashion to put together this coalition, an alternative might well have caused a constitutional crisis. That suggests how important it is for the Government to deal with this issue now. It is better to deal with the question and provide a possible solution, however complex that may be, in an atmosphere of relative calm rather than to solve it hurriedly in an atmosphere of crisis. I hope that all those of a Unionist inclination—probably every Member in the House today—will agree that it is better to look at these matters sensibly and implement solutions calmly rather than wait for the crisis to happen,

[Mr Harper]

when significant pressure might come from English voters to solve the problem, making it more difficult to resolve it calmly and sensibly.

My hon. Friend the Member for Milton Keynes South referred to the opportunity cost of doing nothing, which might ultimately put the Union at risk. He ran through a number of what he called "perfect"—perhaps better described as "tidy"—solutions, but noted that there were good reasons to believe that they would not work. He suggested—I think it was the same conclusion as that put forward by my right hon. and learned Friend the Member for Kensington—that there is no single tidy solution, but that a number of imperfect solutions could deal with the nub of the issue. I believe that a number of my hon. Friends reached the same conclusion.

My hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) also rightly drew attention to the fact that there is no simple solution. He ran through a number of solutions and noted some concerns about them, including about the solution of my right hon. and learned Friend the Member for Kensington, which my hon. Friend the Member for North East Somerset believed might face some difficult procedural problems. His key point was that people must think that any proposed solution is fair—fair to all parts of the United Kingdom. He also flagged up the potential risk of an election result in which a majority party in England was not the same as the Government at Westminster. He correctly put his finger on the fact that that would indeed constitute a risk to the Union. He argued in favour of a classic British fudge, suggesting that a party that did not have a majority in England but was in government at Westminster would need a self-denying ordinance. Perhaps some solutions could be put in place along those lines. All the issues show how complicated the problem is.

The Bill proposed by my hon. Friend the Member for West Worcestershire puts forward a number of solutions. There are two new duties on any Minister publishing legislation in draft. Clause 1 deals with the first duty, which is to

"ensure that the legal and financial effect of that legislation on each part of the United Kingdom is separately and clearly identified."

The second duty, in clause 3, is to "make a statement" that the Bill is

"compatible with the principles of legislative territorial clarity, or"

if the Bill is not compatible with them, to make a similar statement where

"the government nonetheless wishes to proceed."

This is my hon. Friend's attempt, I think, to set out clearly in the Bill that the Government must make those judgments so that the Chair would not be drawn into controversy. The principles of legislative clarity are set out in clause 4, which states that

"every citizen of the United Kingdom has the right to see how proposed changes to the law will affect them"

and that hon. Members of this House

"have the right to see how proposed changes to the law will affect their constituents."

I believe those are sensible principles, but I hope to persuade the House and my hon. Friend that her Bill is not necessarily the best way of advancing those objectives.

My hon. Friend has sensibly made the Bill apply only to draft legislation, to preserve the independence of Parliament from the courts, and to protect its exclusive cognisance. Had she attempted to set down in legislation how actual Bills were presented to the House, that might have opened up the opportunity for courts to involve themselves in our legislative procedures. She has avoided that danger, but the flipside is that her Bill will affect only draft legislation and, therefore, it will not affect every Bill brought to the House. My hon. Friend the Member for North East Somerset highlighted an alternative, non-legislative solution, which is to deal with such matters in the Standing Orders of the House. He also noted the difficulties in that approach, such as not being able to entrench the provision.

By mirroring the provisions in section 19 of the Human Rights Act, which requires Ministers to make a statement of compatibility with the convention, the requirement under clause 3 of the Bill is carefully drafted so as not to fall foul of the exclusive cognisance principle. The duty is on Ministers, rather than being a legislative requirement. The flaw is that the Bill imposes requirements on Government that are already in place and with which the Government should comply. As has been noted, the Cabinet Office's "Guide to Making Legislation" already provides that the territorial extent and application of legislation should be set out in a statement at the beginning of the explanatory notes, in whatever form of words is appropriate to the Bill. In addition, it provides that where a Bill makes different provision for the different nations of the United Kingdom, that should be outlined in the explanatory notes, setting out the territorial extent of each part of the Bill separately if necessary.

Harriett Baldwin: I thank the Minister for his perceptive comments about what I have tried to avoid in drafting the Bill. I am glad that he accepts that the principles of the Bill are sound, even if its wording might be modified by the Government in Committee, which I would welcome. The Bill moves civil service guidance on to a statutory footing, thus strengthening the whole process.

Mr Harper: I am grateful to my hon. Friend for that clarification. It comes back to the comments of my hon. Friend the Member for North East Somerset that the Bill does nothing harmful, but nor does it take us much further forward. I start from the position, as do the Government, that we should not legislate for unnecessary matters that do not add anything.

Chris Bryant: A clear example is to be found in the explanatory notes to the next Bill that we will consider. In relation to the territorial extent and application, the notes state:

"The Bill extends to (that is, forms part of the law of) England and Wales. The terms of clause 1, however, mean that it will only take effect within England."

Often, there is not the clarity that an ordinary person might want and seek, even when we put something on the face of a Bill.

Mr Harper: The hon. Gentleman makes a good point about the fact that, even when something is required, it is not always executed brilliantly. Even if the requirements

in the Cabinet Office guidance on drafting legislation were put into statute, that would not necessarily mean that they would be better executed than they are currently.

In practice, the financial aspects of the Bill would also have little consequence, because the present arrangements already require all new UK-wide legislation to specify the financial impact and to be drafted within a Department's existing funding plans. Therefore, no new Barnett financial consequentials would arise, as a matter of course. Bills that deal with reserved matters have no Barnett consequentials attached and do not have significant impact on different Administrations.

In relation to how legislation is drafted, the Bill does not take us much further forward. Effectively, it puts into statutory form what the Government currently intend and do, thus losing a little flexibility. However, my hon. Friend the Member for North East Somerset put his finger on it when he observed that the West Lothian question is complicated. While the Bill may lead us to a potential solution, it may not be the one that the commission comes up with.

Finally, let me do what I was invited to do by my hon. Friend the Member for Christchurch (Mr Chope), and remind the House that the Government have made a commitment to set up a commission to examine the West Lothian question. Although the coalition parties approach the issue from different angles, they have made a common commitment to resolve the question. In the Conservative party manifesto, we promised to

"introduce new rules so that legislation referring specifically to England, or to England and Wales, cannot be enacted without the consent of MPs representing constituencies of those countries."

The Liberal Democrats' manifesto said that they would

"Address the status of England within a federal Britain, through the Constitutional Convention set up to draft a written constitution for the UK as a whole."

Although the coalition parties came up with very different solutions to the West Lothian question, both parties consider it important to attempt to answer it, and neither party believes that it is possible to answer it by ceasing to ask it. We consider it a serious question that will be best tackled when we can tackle it in a calm and reasonable manner rather than waiting for a crisis.

I can confirm that we will set up the commission this year, as, indeed, my hon. Friend the Member for West Worcestershire established through her perceptive questioning. We had hoped to make announcements to the House at an earlier stage, but I look forward to making them in the not-too-distant future, and the commission will then be able to consider the ideas that have been advanced today. Hon. Members have effectively made bids to participate, either as members of the commission or in giving evidence to it. I hope that it will arrive at solutions that we can subsequently debate.

I urge my hon. Friend the Member for West Worcestershire to withdraw her Bill, to participate in the commission in whatever way proves appropriate, and to continue to take part in this important debate. The Government are keen to answer the question and deal with this important matter, but I am not sure that my hon. Friend's Bill provides the right way of going about it, and I think it right to test the opinion of the House.

12.22 pm

Mr Christopher Chope (Christchurch) (Con): I had not intended to speak in the debate, but I must say that I am disappointed that the Minister was not more forthcoming about the commitment in the coalition agreement to establishing a commission. As he and other Members have observed, this issue is extremely complicated, so why are we now delaying even the appointment of the people who will consider it? We have already delayed for far too long. The original commitment was that the commission would be established before the end of 2010, but the Minister now expects us to accept as a big deal the information that he will make an announcement before the end of this year.

One great virtue of the Bill is that if it is given a Committee stage, members of the Committee will be able to maintain pressure on the Government to fulfil their commitment to do something. The Minister tells us that the cost of doing nothing about it is putting the Union at risk, which is pretty serious stuff, but at the moment the Government are doing nothing about it.

I would not expect my hon. Friend the Minister to comment on what I am about to say. Indeed, the reason I am able to speak after him is that he will not be able to comment on it. I think that the Deputy Prime Minister, who is in charge of my hon. Friend's Department and is the person who can give the yea or nay to whether the commission is to be set up and when, has not got his heart in it. I hope that my hon. Friend will tell the Deputy Prime Minister that in the extra time that he will have next week, now that he has cancelled his trip to South America, he should give serious consideration to getting on with working out who will be on the commission and what will be its scope and remit. Surely the commission should be set up now, so that it can get to work before all the other stuff that is coming along is before the House. The last written answer on the issue says:

"Careful consideration is ongoing as to the timing, composition, scope and remit of the Commission to consider the ... question."

Some of us were not born yesterday. It is obvious that this is a stalling exercise by the Government. There was an unholy compromise in the coalition agreement but the Deputy Prime Minister is not even delivering on that compromise. He may realise that it could have implications for his party. There is no point, if the Liberal Democrats and Conservatives have different views on the matter, trying to paper over the cracks. Why do we not get on and appoint the commission? Perhaps the coalition cannot even agree who could be on it, or what its scope and remit would be.

The written answer goes on to say that the commission

"will need to take account of our proposals to reform the House of Lords".

Well, what has happened to those? We were told that a draft Bill would be published before Christmas. We have not seen that yet. We might be waiting another year or so before those proposals emerge.

The written answer goes on to say that the commission will need to take account of

"the changes being made to the way this House does business".

There will be further changes to the way the House does business when the Backbench Business Committee is able to look at both Government legislation and Back-Bench business, and we are told that that will not start until the third year of this Parliament—another recipe for delay.

The written answer says that the commission will have to consider

"amendments to the devolution regimes".

[Mr Christopher Chope]

We know that a referendum will be held shortly in Wales, but why do we need to wait for the outcome of that before we set up the body that will look into these complex issues? There is then a reference to the fact that there is

"the Scotland Bill presently before the House".

The written answer concludes; it is similar to what my hon. Friend the Minister has said today:

"We will make an announcement later this year."—[*Official Report*, 31 January 2011; Vol. 522, c. 549W.]

It does not even say that the commission will be set up later this year.

I commend my hon. Friend the Member for West Worcestershire (Harriett Baldwin) for having a stab at what is an extremely complex issue. People perhaps more learned in the law than she is, such as my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind), had a go at the issue. More than 100 of us came to support him when his Bill had its Second Reading debate to ensure that it could get into Committee. It was then kicked into the long grass. That shows for how long the issue has been discussed.

I remain suspicious about the motives of the Deputy Prime Minister. I think that he is stalling seriously on the issue. If the Bill goes into Committee it will give all hon. Members the opportunity to keep the pressure on the Government to meet what was a pretty meaningless commitment in the coalition agreement anyway. At least it would be something.

Mr Harper: I know that my hon. Friend is not perhaps the most enthusiastic supporter of the coalition Government but I think that he sees mischief where there is none. The clear message from the thoughtful speeches of all Members today is that the issue is complicated. If the Government are to deal with it calmly and sensibly and in a manner that does not put the Union at risk, we must proceed thoughtfully and properly. However, I have given a clear commitment that we need to deal with the matter and answer the question. Therefore, I urge him to be a bit more generous in spirit.

Mr Chope: I am generous by nature but I would be even more generous if my hon. Friend had explained why it has turned out to be impossible for the Government to appoint the commission before Christmas, as they originally intended.

Jacob Rees-Mogg: May I come to the support of the Minister, and on a constitutional issue, which may surprise him? Our consideration of the earlier legislation on the alternative vote, parliamentary boundaries and fixed-term Parliaments was desperately rushed, and therefore its measures were not necessarily very well thought through, which is a great shame. In contrast, the progress we are making towards considering the West Lothian question in a deliberative and thorough way is in the best traditions of high Toryism.

Mr Chope: My hon. Friend is absolutely right. I think that these deliberations should be conducted by the commission itself, however, rather than by the Government, and I do not want the Government to be agonising over whether there should be a commission and, if so, who will serve on it. I do not think my hon. Friend and I are very far apart, as I believe the commission must be given the maximum amount of time to go into the details of this topic. However, if we are going to get this sorted out before the end of this fixed-term Parliament, why have we not got on with it already? What is the reason for the delay? It seems to me that the justifications for delay put forward thus far are specious in the extreme, and we have learned from experience that if a Government have not got a proper explanation for delay, the reason is usually that they intended to delay matters, as is the case now.

Ian Paisley: Does the hon. Gentleman not accept, however, that he cannot have both sides of the argument? He cannot claim that this is a very complex and complicated issue to resolve, but also say, "But here's an easy way to get it sorted out." Does he not recognise that there are two ways to skin this rat, as it were, and that the commission offered today is perhaps one of those ways?

Mr Chope: I think the hon. Gentleman is on the same side as I am on that, because I am saying not that this is an easy issue to sort out, but that the coalition Government agreed to set up a commission to consider it, yet until the commission is set up it cannot start considering it. I cannot understand why the commission has not yet been set up and why my hon. Friend the Minister cannot give a commitment that it will be set up sooner rather than later. Instead, he just talks vaguely about something happening towards the end of this year. That will be one and a half years into this Parliament, and it would mean that if the commission were to come up with legislative proposals, the chances of being able to get them through in this Parliament would be significantly reduced unless the commission concertinaed its work into a very short space of time.

That is what leads me to conclude—I think any rational observer would conclude this—that the Government have not got their heart in this. They are hopelessly split between the Liberal Democrat agenda and the Conservative party agenda, which was clearly set out in our manifesto. We compromised on that in the coalition agreement, and we have given the tools whereby that compromise might be taken forward, namely the setting up of the commission, to the leader of the Liberal Democrat party. I do not think he has got his heart in trying to achieve any progress on this matter, however. I sympathise enormously with the Minister, but I hope that by getting the Bill into Committee we will be able to maintain the pressure. That is why I support the Bill.

12.33 pm

Harriett Baldwin: I thank all Members on both sides of the House for their excellent contributions today. The debate has been extremely interesting, and we have heard widespread support for the Bill's intentions. We have also heard a range of objections, however, such as from the hon. Member for North Antrim (Ian Paisley), but I think his fears are unjustified; we are on his side here. By not talking about this, we would run into as many difficulties as we might through some of the solutions he fears. I urge him to support the Bill on Second Reading, as I think that if it progresses that will serve to get some of the issues out in the open, and not bury them, which I think would be worse for his case in the long term.

The shadow Minister, the hon. Member for Rhondda (Chris Bryant), put up a series of straw men—or ghouls and ghosties—that do not apply to the Bill. I therefore feel sure that he will support the Bill—*[Interruption.]* I may have misread his intentions, in which case I ask him to forgive me.

My hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) made some supportive comments, but he also rightly raised concerns about some of the subsequent issues that this House might still have to grapple with. I am not, by any means, pretending that this Bill solves all those issues, but his description of it as "pointless" rankles. The very fact that we have had this excellent debate shows that it is not pointless. It would provide much greater clarity and put that on a statutory footing, and would prevent the Speaker from possibly being put in a difficult position.

Jacob Rees-Mogg: I apologise if I implied that I thought the Bill was pointless. I was concerned that if it did not lead to anything else, it would be pointless, and therefore I thought it needed to go on to the subsequent events.

Harriett Baldwin: I thank my hon. Friend very much for that clarification. In an elegant speech, the Minister made similar points, saying that the Bill was good as far as it goes but that we need to go much further. I would have been much more sympathetic to his desire for me to withdraw the Bill today if he could have made some announcements or put some measures on the table that would give me confidence that his urgency on the issue was similar to that expressed by colleagues on our Benches. Having considered his kind invitation for me to withdraw the Bill, I have decided that I do not wish to do so and I ask that the Question be put.

Question put, That the Bill be now read a Second time.

The House divided: Ayes 19, Noes 17.

Division No. 200] **[12.36 pm**

AYES

Afriyie, Adam
Baldwin, Harriett
Bottomley, Sir Peter
Bridgen, Andrew
Bruce, Fiona
Byles, Dan
Chope, Mr Christopher
Crouch, Tracey
Davis, rh Mr David
Hart, Simon
Hoey, Kate
Hollobone, Mr Philip
Latham, Pauline
Leadsom, Andrea
Mills, Nigel
Rifkind, rh Sir Malcolm
Stewart, Iain
Vickers, Martin
Wheeler, Heather

Tellers for the Ayes:
Bob Stewart and
Damian Hinds

NOES

Beith, rh Sir Alan
Blackman-Woods, Roberta
Bryant, Chris
Campbell, Mr Alan
Clarke, rh Mr Tom
Dobbin, Jim
Dromey, Jack
Hodgson, Mrs Sharon
Johnson, Diana
Kaufman, rh Sir Gerald
McKinnell, Catherine
Paisley, Ian
Pound, Stephen
Rees-Mogg, Jacob
Spellar, rh Mr John
Watson, Mr Tom
Wright, Mr Iain

Tellers for the Noes:
Jeremy Wright and
Mr Shailesh Vara

Question accordingly agreed to.

Bill read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

Planning (Opencast Mining Separation Zones) Bill

Second Reading

12.48 pm

Andrew Bridgen (North West Leicestershire) (Con): I beg to move, That the Bill be now read a Second time.

May I begin by saying what a privilege it is to be able to introduce a Bill on a matter that I campaigned on before and after the last general election? This issue is very close to the heart of a large number of my constituents in North West Leicestershire, both now and historically. Indeed, I am following in a rich tradition of Members of Parliament for North West Leicestershire, all of whom have raised the issue of open-cast mining in the House at one time or another as an item that has blighted my constituency and the lives of my constituents for decades.

It would be best to start by setting out the rationale behind the Bill. Back in February 2010, along with other parliamentary candidates, I was asked to speak and debate at a hustings organised by the Minorca opencast protest group, which I will take this opportunity to thank and pay tribute to for all its hard work in campaigning against a proposed open-cast mine in my constituency, near the village of Measham. While researching the subject for the hustings, the question of a buffer zone arose. Such a zone is a legally enforced gap between an open-cast mine and a residential settlement. I found that, in the 1990s, East Ayrshire council in Scotland became the first UK local authority formally to introduce a 500-metre buffer zone between open-cast and surface mining sites, and areas of settlement. After much lobbying and protest, that eventually led to the incorporation in present Scottish planning policy, which was published in February 2010, of guidance on a 500-metre buffer zone.

I also discovered that the most consistent public request about open-cast mining in the past two years has been for the minerals technical advice document to include a 500-metre buffer zone. Interestingly, the Welsh Assembly Government have put in place a policy of introducing 500-metre buffer zones between areas of settlement and open-cast mines. However, in September 2009, when my hon. Friend the Member for The Wrekin (Mark Pritchard) questioned the previous Government about the introduction of such zones in England, he was told:

"There is no current intention to review existing planning policy on opencast mining and introduce buffer zones in England."—[*Official Report*, 1 September 2009; Vol. 496, c. 1843W.]

Poor old England suffers again.

Ian Paisley (North Antrim) (DUP): I am grateful to the hon. Gentleman for giving way to one of us hard-working Ulstermen. I wholeheartedly support the Bill. We face a similar situation even in my constituency, because there is a proposal for a lignite, open-cast, filthy mine in Ballymoney that would tear up swathes of Ulster and North Antrim right to the causeway coast and the middle of a tourist zone. Such a Bill would help to prevent that, so I give him my support.

Andrew Bridgen: I am grateful for the hon. Gentleman's support.

The Bill would offer protection to communities not only in North West Leicestershire but in dozens of constituencies in former coalfields throughout the country, hopefully including in Northern Ireland. A study carried out by the Minorca open-cast protest group showed that 29 open-cast sites in England are being worked now, have received planning permission, or are in the planning pipeline. It also found that development could take place in the near future on a further 34 sites scattered across the counties of Derbyshire, Yorkshire, Durham, Northumberland, Cumbria, Greater Manchester, Shropshire, Staffordshire, Warwickshire, Nottinghamshire and, of course, my own county of Leicestershire. Figures from the Coal Authority that were produced in March 2010 show that whereas buffer zone-protected Scotland and Wales had known reserves of open-cast mined coal of 75 million tonnes and 147 million tonnes respectively, unprotected England has 516 million tonnes of reserves, much of which lies within 500 metres of residential settlements.

Since the Bill was announced, I have received messages of support from groups and individuals throughout the country whose lives have been affected by the blight of open-cast mining. An application has been made for an open-cast mine in the north-east, and a member of the public who lives near the proposed site contacted me about the

"black cloud of a planning application to mine a site which is alarmingly close to some of the houses in our local area. Some houses will be within 58 metres of the site, some 140 metres, while the majority affected would be within 300 metres as proposed by the scoping report."

The Minorca site in my constituency is only 100 metres away from residential settlements. It has the potential to have a devastating effect on the quality of my constituents' lives, and I am sure that many hon. Members in the Chamber will have heard appeals for help from communities facing the prospect of open-cast mining happening effectively in their backyards.

The stark reality of the situation was brought home to me when I read the following account of the impact of open-cast mining:

"They have just started an open cast mine in the field behind my mother's house in Shropshire. In weeks we expect her view of fields and The Wrekin to be replaced by a 9 metre high mound of earth 6 metres from her property. She is 84 years old and until the Shropshire Star did an article on her, the opencast company had not even bothered to visit her or contact her.

She has limited mobility and is therefore housebound. With an open cast mine and then a land fill site she will no longer be able to open her windows or sit in her garden. What a way to spend the final years of your life. She would now like to move but this is now impossible. Nobody would buy it and the opencast company is not interested even though they own the property on either side of her."

The Bill would also have a positive impact on planning policy. I have received support for it from a planner, who commented:

"'I became aware of your private members bill that would introduce a 500m buffer zone between open cast mining and residents, when giving planning advice on the redevelopment of redundant buildings in the grounds of a grade II listed property which is currently negatively impacted upon by the potential for open cast mining within the immediate vicinity.

Despite my advice and that of the council being that it would be highly unlikely that consent would granted for open cast mining within the grounds of a grade II* listed property, the lack of certainty given by the existing policy framework is causing the

would be developer considerable concern and jeopardising the investment and job creation that would result from the sale and redevelopment of the buildings".

So it is not only open-cast mining but the mere threat of it that hinders the economic development of coalfield areas. That case clearly illustrates the need for the certainty that a defined buffer zone would provide—a need also illustrated by a case in Wales. As the environmental correspondent for *The Guardian* wrote on his blog, before the buffer zone

"was introduced in Wales, I saw how the lives of people in Merthyr Tydfil were being ruined by the mine on their doorsteps. The green hillside they had looked out on, where they walked their dogs and where their children played, is being turned into a hole—the Ffos-y-Fran pit—200 metres deep and three kilometres wide. The edge of the pit is just 36 metres from the nearest homes. Their peace is shattered by the sound of blasting and digging and the daily journeys of hundreds of monster trucks; their homes are harder to sell; their view has been ruptured. Why should anyone have to put up with this?"

Well, the Governments of Wales and Scotland decided that no one should have to put up with it, and imposed a 500-metre buffer zone, but in England, despite vocal campaigns, there is still no minimum distance between open-cast coal mines and people's homes—a clear case of discrimination.

There is an argument that the anomaly of England being deprived of a buffer zone of the kind that Scotland and Wales enjoy is a breach of English people's human rights. That was an argument put forward by a group of residents who fought hard to try to prevent the opening of the Huntington lane site in Telford. They argued that when the UK signed the Human Rights Act 1998, it signed as the United Kingdom in its entirety, not as three separate entities, and that was enshrined in law in 2000. However, the planning application was approved under the previous Government by the then Secretary of State for Communities and Local Government after a public inquiry.

A detailed health impact assessment was demanded by Telford's local public health director, but was subsequently disregarded by the inspector and the previous Government, despite the fact that that seminal document was believed to be the only such assessment undertaken before the opening of an open-cast mine. The Secretary of State's closing comments in the decision paper sent from the Planning Inspectorate were:

"The Secretary of State has had regard to The Friends of the Ercall's view that a breach of Article 14 of the European Convention on Human Rights arises because of differences between the planning guidance which applies in England compared to that which applies in Scotland and that which applies in Wales (IR417 and IR570). The Secretary of State has considered this matter but he takes the view that differences in policy do not, in themselves, amount to discrimination. He is satisfied that, having assessed the appeal scheme against relevant national and local policies, he has given proper consideration to all relevant issues."

Of course, one reason why that has become a major issue is that in the past 10 years a large majority of open-cast applications in England have been approved by the Secretary of State, in spite of opposition from parish, district and county councils. Hon. Members will note that the Localism Bill specifically excludes mineral policy; there will be no protection for local communities through the Localism Bill.

Mr Christopher Chope (Christchurch) (Con): My hon. Friend is making a powerful case. Does he agree that with a buffer zone it would be easier for local people to accept some of those developments because they would know that they were protected?

Andrew Bridgen: I thank my hon. Friend for his comment, which is absolutely right. I shall bring it out further in my arguments.

It has been argued that the open-cast industry has relied on what could be described as "hired gun" expert witnesses, to gain permission that mineral planning authorities have neither the expertise nor the resources—money, mostly—to contradict. Those hired guns regurgitate the same rhetoric at every application and inquiry, following Government guidance that actually tells them what to say. The fact that mineral policy will not be covered by the Localism Bill makes a buffer zone even more essential.

Since 2005, owing to extreme industry lobbying and the argument based on need—industry need, not national need—being introduced as part of the planning guidance, "independent" planning inspectors have chosen to take the word of these "experts". That subverts the empirical evidence of communities who have seen more open-casting than the inspector, expert witnesses and most members of the contemporary open-cast industry.

Each application that is passed weakens the position of local residents through the precedent set in planning case law, despite the fact that the supposed primary guidance, MPG3 (1999), which states that local authorities and local people are in the best position to assess the acceptability of an application, remains on the books. It seldom works. Under the last Government, the last 14 appeals on open-cast sites were all passed in the face of vocal local opposition. That gives the Secretary of State, who should be the last line of defence for local people, the perfect excuse to say, "I have to go with the experts."

The position has become so bad that most local authorities simply wave through applications in England, whereas 10 years ago they would have been fought tooth and nail after being judged utterly unacceptable by local residents.

Sir Alan Beith (Berwick-upon-Tweed) (LD): What local authorities often do, certainly in Northumberland, is prefer to set conditions, rather than refuse, because then they have more control of the situation. But if a buffer zone was there anyway, it would give them rather more leeway. A degree of separation is sometimes one of the conditions that they try to set while they still have some control of the situation because they are granting permission.

Andrew Bridgen: I thank my right hon. Friend for his contribution.

There is an argument that open-cast mines generate local employment, but in many cases the effect has proved to be virtually zero for the affected communities. The employment is low and generally outsourced, and contributions to the affected local economies are minuscule. The social and environmental costs are borne by local residents, with no real benefit in return.

[Andrew Bridgen]

The Campaign to Protect Rural England agrees. It states that

"communities in England should have the same protection from the noise, dust and loss of landscape which can severely erode quality of life."

My earlier point about the uncertainty in planning policy explains that. The certainty that a buffer zone would bring would be an improvement on the current situation for rural England and its residents. The Campaign to Protect Rural England also notes that open-cast coal mining has undergone a recent resurgence in the UK, mainly due to the increase in global coal and gas prices. However, it also states:

"Not only do opencast mines deface some of our finest landscapes and wreck tranquillity, they can have a devastating effect on nearby communities and wildlife, while hindering efforts to reduce CO2 emissions."

I will now move on to that last issue, for there is an environmental case for the buffer zone.

It has been calculated that each tonne of coal used for power generation produces more than 2,000 kg of carbon dioxide. The Confederation of United Kingdom Coal Producers, an industry group, has been reported as stating that

"the measure could lead to the loss or sterilisation of between 250 million and 500 million tonnes of reserves."

Based on the figures provided by the Coal Authority, that is equal to between 48% and 97% of known surface-mine coal reserves in England, which, as previously stated, amount to around 516 million tonnes. If each tonne of coal burned for power generation produces 2,215 kg of carbon dioxide, preventing 250 million tonnes of coal from being burned would prevent them from becoming 550 million metric tonnes of carbon dioxide. In that way, by passing the Bill, Parliament can make a major contribution to reducing climate change risks.

To put the figures into a meaningful perspective, the average amount of coal consumed by power-generating companies in the UK between 2005 and 2009 was approximately 50 million tonnes per annum, which is equal to emitting an average of 111 million metric tonnes of carbon dioxide. By passing the Bill, Parliament would permanently put the equivalent of five years' worth of CO_2 production from UK power generation beyond reach and further stimulate the need to find alternative sources of energy.

In view of that, I have also received backing for my Bill from Leicester Friends of the Earth, which stated:

"Open-cast mining is extraordinarily destructive environmentally and can blight the lives of those living in nearby communities. We are delighted that Mr Bridgen has listened to the concerns of his constituents and chosen to introduce legislation on this issue."

What is the need for those open-cast sites? England currently has 14 coal-fired power stations, five of which will close by 2015. Only two new coal-fired stations are planned. By 2015 we will need 3.4 million tonnes less coal for English power stations, which is 1.6 times the amount of all English open-cast coal mined in 2009. It could be argued that we are tearing up the countryside needlessly and using our emergency reserves when there is no emergency—the number of coal-fired power stations is falling.

There are many reasons why the Bill should receive a Second Reading. It would clarify planning, bring English law into line with Scottish and Welsh law, about which we have already heard much today, help the country to take a significant step to meeting its environmental objectives and, most importantly, protect communities against the intrusive, defacing vandalism of our countryside.

Do the residents of England not deserve the same protections as people in Scotland and Wales?

1.7 pm

Roberta Blackman-Woods (City of Durham) (Lab): I congratulate the hon. Member for North West Leicestershire (Andrew Bridgen) on introducing the Bill. The Bill is extremely relevant and timely for my constituents, and I support it. I also thank him for mentioning Durham in his speech.

The Bill is relevant for my constituents because they are currently facing a significant plan to develop two open-cast sites right on the northern boundary of my constituency. A number of the residents' concerns would be addressed by implementing the 500-metre buffer zone outlined in the Bill, which would give residents much greater protection.

It must be the right time for the House to consider updating "Minerals Planning Guidance 3: Coal Mining and Colliery Spoil Disposal", which was implemented in 1999. That contains a number of sensible measures, but as the hon. Gentleman pointed out, a lot of planning case law since then does not seem to pay enough attention to the views of local communities. It must now be time to look at that and consider strengthening the legislation.

The hon. Gentleman also made the excellent point that it is important to align our legislation with that in Scotland and Wales. Certainly residents in my constituency are looking to legislation in Scotland and asking serious questions about why they are not offered the same protection as people living less than 100 miles away. That is another matter that the House needs to look at seriously.

It might be worth spending a couple of minutes considering why the proposed change is so essential for local communities, particularly those faced with planning applications or proposals about which they have major concerns. I want to take a current example from my constituency, in the village of Pittingdon. In doing so, I want to pay tribute to the local parish council, including Councillor Bill Kellet, and the local residents, who have orchestrated an excellent campaign to demonstrate their concerns. One of the proposed sites abuts housing along one long boundary, just a few metres from a range of properties. Any workings, should they subsequently be approved, would inflict environmental pollution on residents in a number of forms. There would be dust, first from the extraction and removal process, and later from the infill operations. Obviously there would also be noise pollution; that would be inevitable given the digging that would be required. Even though measures could be taken to reduce the noise, it would not be possible, because of the close proximity of the workings to the houses, to minimise it to an acceptable level for residents. There would also be dirt from the wheels of vehicles transporting materials, and from the materials themselves that are associated with open-cast operations.

In addition to the effect on residents, the proposed site is in close proximity to an ancient church. All the people associated with it are very concerned about any

impact on that church, and also about any impact on a site of special scientific interest. There could also be effects on the water table, from which water is drawn for local residents, and that is without taking into account the wider issues of the additional traffic and air pollution that could come from such workings. There is therefore a whole range of serious issues for local residents. Although those issues would not be dismissed entirely by a 500-metre buffer zone, they would certainly be ameliorated to a large extent. That is what is so helpful about the Bill.

I want to raise some other points about any possible infill. I do not want to make this afternoon's debate a discussion about the value of open-cast mining per se. It is probably possible for some open-cast mining sites to be developed throughout the country, provided that they are chosen sensitively, and provided that whatever restoration is carried out afterwards is an improvement on what currently exists. Indeed, that is another matter that should be considered, because many footpaths and walks for local residents on the proposed site in Pittingdon would be disrupted by open-cast mining works, but not necessarily restored in any subsequent works, which is worth bearing in mind.

I am extremely happy to be able to support the Bill. In general, planning processes should take more notice of local residents' feelings, pay more attention to what they say and act on their concerns. I very much hope that our concerns will be listened to this afternoon, and that the House will give its full backing to the Bill with some alacrity, so that those of us who are waiting for the debate on the Apprenticeships and Skills (Public Procurement Contracts) Bill will get the chance to support that one as well.

1.15 pm

Heather Wheeler (South Derbyshire) (Con): I congratulate my hon. Friend and neighbour, the Member for North West Leicestershire (Andrew Bridgen) on bringing his important private Member's Bill to the House. It is also a delight to follow the hon. Member for City of Durham (Roberta Blackman-Woods).

My constituency abuts that of my hon. Friend the Member for North West Leicestershire. The open-cast mining that has been going on in South Derbyshire for the past 20 years has finally come to an end, and I can talk from great experience about the atrocious blight that such mining causes for residents. My hon. Friend has planning applications coming along, and it is important that the Bill should be successful so that some clarity can be brought to the process and the Government can help with statutory instruments or planning guidance notes, whichever view they take after this debate.

It is interesting that, in the past, open-cast mining has been described as a beneficial economic asset to our country. That might be true, but I do not think that anyone living in the same neighbourhood as such a mine would agree with that assessment. The Bill is incredibly reasonable, because it talks about exceptional circumstances. I can attest to the fact that, when the properties across the road from us were being developed, the coal was dug out to ensure that those properties were safe when they were built. Of course everyone accepted that that needed to be done. There are now seven excellent properties that we would not have had if the reasonableness test had not been taken into account.

Mr Deputy Speaker, please accept my apologies for being unable to stay until the end of the debate. I have been invited to meet the Kashmiri women of Pakistan this afternoon, which will be slightly different from discussing open-cast mining. One takes one's opportunities where they arise. The Bill is short, discreet and reasonable—

Andrew Bridgen: Just like me!

Heather Wheeler: I could not possibly put that in *Hansard*. I will leave that to my hon. Friend.

I hope that my hon. Friends on the Front Bench will take the Bill on board. Having sat through this morning's debate on the West Lothian question, I believe that the time has come for fairness, and I hope that this reforming Government will bring fairness into the future.

1.17 pm

Nigel Mills (Amber Valley) (Con): I, too, congratulate my hon. Friend the Member for North West Leicestershire (Andrew Bridgen) on bringing forward his Bill. He made a very persuasive case for the need for these measures in his own constituency and many others around the country, and that case is no less strong in my constituency, which is in the heart of the old Derbyshire coalfields and has a long history of deep and surface mining. We currently have one operating surface mine, which was approved on appeal, the application having been turned down by the county council about six years ago. An application has been made to extend the site further, and a second application has been made in relation to a site only a couple of miles away from the existing one.

It is important to note that the Bill does not seek to ban open-cast mining across England, although many people would like that to happen. Instead, it seeks to protect people from some of the worst aspects of the blight that could arise if they were unlucky enough to have an application for an open-cast mine near to where they live. The planning system always seeks to strike a balance between allowing what some people regard as an essential activity and protecting the needs of those who live nearest to that activity and have to put up with it. Most hon. Members would probably agree that we have not yet struck that balance in English planning law and guidance on open-cast mining, but we believe that our colleagues in Scotland and Wales have addressed the problem by introducing a 500-metre buffer zone. We have spent most of today debating the need for fairness for England in relation to Scotland and Wales, and perhaps this Bill represents an extension of that principle. If that is right planning policy in Scotland and Wales, I fail to understand why it is not the right planning policy for England as well.

Before I turn to deal with the detail of the Bill, it is worth going over some of the reasons why we need this measure. The hon. Member for City of Durham (Roberta Blackman-Woods) mentioned that the previous Government tried to tighten up the planning guidelines in the late 1990s. That had some success for a few years, but as my hon. Friend the Member for North West Leicestershire alluded to, as time moved on there were more and more successful appeals, including one in my constituency, which showed that the current guidance was not strong enough to achieve what we wanted it to achieve. We thus need to strengthen it.

[Nigel Mills]

Having the buffer zone will improve the position in two main respects—the impact of noise and the impact of dust from the sites on people who live nearby. There are planning annexes on both noise and dust, published by the previous Government, which are worth looking at. The noise annexe to minerals policy statement 2 includes the comment that

"it may be appropriate to incorporate a buffer zone around the operations",

but there is no definition of the buffer zone. Paragraph 1.1 of the dust annexe states that

"residents can potentially be affected by dust up to 1 km from the source",

and paragraph 1.36 says that

"it is preferable that dust-generating activities are separated by a stand-off distance from residential properties"

but again there is no definition of the stand-off area or the buffer zone.

On meeting the planning authorities that are dealing with an application, we might say, "Can we have a separation zone and stop the site going 50 metres or 70 metres from the nearest property; or can we have a limit of 500 metres?" The planning officer is likely to say, "Well, why 500 metres and not 450, or why 450 metres and not 400?" It is easy to get into a horrible spiral in which no matter what buffer zone is thought to be right, implementing it cannot be justified. That is why it is so important for us to set guidance specifying a 500 metre separation zone.

Those who have dealt with applications will know that guidance often says that the applicant must take steps and provide measures to ensure that noise is not increased by more than 10 dB over the previous ambient noise level. However, anyone who has dealt with the planning process will also know that, typically, noise is measured at a very strange time for determining loudness or on a day when the weather is most suitable for a low measurement. There is also the well-known trick of carrying out traffic studies at half-term, when half the traffic is not on the road. Then there are assessments that a 6 metre-high noise bund will stop huge amounts of noise, when there is no real way of disproving it—consultants often say different things. We end up with a situation in which the wind blows the wrong way and the noise is incredibly higher than the 10 dB level.

All those subjective tests with which the planning authorities have to wrestle are not achieving the right balance and they are making it hard for planning authorities successfully to turn down applications. The mining companies with the threat hanging over them might say that if the application is turned down they will appeal, have a public inquiry or go to the Secretary of State. Some have even threatened to seek costs against the county council. The situation is not fair; it needs to change.

The 500-metre buffer zone will not resolve all the issues that residents face. There are two applications current in my constituency. The residents of Smalley already have to contend with a site that has been going for a couple of years, and they are now faced with several more years of it. They face the blight of 90 lorries coming in and out and of the blasting and the noise from the mine, perhaps within 70 metres—under the new application—of some of the houses. The residents of Denby village face the same problem within 50, 60, 70 or 100 metres of their houses. They, too, would be protected by the proposed measures.

The Bill is not a panacea; it will not improve every problem that residents face, but it will give them the assurance that such developments cannot encroach within 500 metres of their homes. It will help to take out some of the noise and the dust. I wholeheartedly support the Bill. I hope that it will proceed through its stages. I cannot imagine why the Government or the Opposition would not want it to succeed. It is an effective measure in Wales and Scotland, so let us have it in England, too.

1.24 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): I welcome the initiative of the hon. Member for North West Leicestershire (Andrew Bridgen) in bringing this Bill forward. It has a valuable contribution to make to dealing with the problems of open-cast. My constituency probably has, or has had, more open-cast in it than any other in the whole of the north of England. It has been going on for many years. They used not to bother about buffer zones when they first started open-cast in my constituency; they just removed the villages. That is what happened in Radcliffe and in Chevington Drift. The one benefit, of course, was the people got new houses, albeit in places a little distance away.

A secondary benefit was that in some cases derelict land was restored by the open-cast process. To this day, employment is generated by open-cast mining. Some of that employment is mobile, as contractors bring workers from other sites, but it is still significant. In more recent years, we have secured the community benefit of significant amounts of money and new community facilities in some of the villages as a result. As other hon. Members have pointed out, however, the residents living closest to the activity experience noise, dust and the loss of the attractiveness of the surrounding environment, often for the rest of their lives. That especially affects retired people, the remainder of whose lives, in which they had hoped to enjoy their garden quietly, is blighted by the presence of open-cast.

Some of the communities have already been affected, and to some extent scarred, by deep mining. That is true in Ellington, for example. In such areas, it is not just a question of one application and one open-cast site; when that is over, another comes along, and then another. Of course, that provides continuity of employment, but it also provides continuity of disturbance, noise, dust and all the other problems. The communities of Widdrington village, Widdrington Station and Stobswood have been encircled by open-cast, which continues, with further applications into the future. The least that those people deserve is recognition that there should be a protective distance between their homes and open-cast sites, and certainty, when people buy houses in the area, that there will not be an open-cast site at the bottom of the garden. That is a serious worry for people who think that at some point they will have to sell their house and move, or for those who would like to move away from open-cast, having had 20 or 30 years of it, to an area where it is not present, and who want the opportunity to sell their home.

I hope that the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hazel Grove (Andrew Stunell), who is answering the

debate and taking forward Government policy, will recognise that we all understand that there must be a balance between the nation's energy requirements and the consequences for communities of meeting the requirements for deep mining, open-cast mining and power generation. However, those areas that have had constant open-cast mining over a period deserve a recognition that the time has come when the industry must move on to other areas, and a more immediate protection from the threat of open-cast mining close to their homes. I hope, therefore, that the concept of the buffer zone can be built into our planning as it is in Scotland and Wales.

1.27 pm

Dan Byles (North Warwickshire) (Con): I join other hon. Members in congratulating my hon. Friend the Member for North West Leicestershire (Andrew Bridgen) on his Bill. His constituency neighbours mine, and the areas that he has discussed, such as the village of Measham, are very close to the border with my constituency. We have issues in common. My constituency of North Warwickshire also has a mixed history with open-cast mining—I say "mixed" because the area is traditionally a coal-mining area, and deep mines and open-cast coal mines have provided sources of employment and been a fundamental part of the community in such areas for many decades.

However, the impact of open-cast coal mining on the environment of towns and villages such as Polesworth, Dordon and the surrounding area, has been enormous. Thankfully, open-cast coal mining no longer takes place in North Warwickshire, and I assure the House that there is no appetite locally for it to return. In the past few years, however, there has been a fear that it might rear its head again. I believe that to be a broadly misguided but understandable fear, which is a result of Warwickshire county council consulting on a new minerals core strategy. The council is obliged by law to consult on the minerals core strategy—it cannot simply ignore the coal underneath the ground—so the consultation was required. That was taken by some local people as a sign that the county council was looking to welcome open-cast back, and I received some letters suggesting that it was inviting UK Coal to come in and start open-cast coal mining. I assure people that that is not the case. As the consultation is going—it is not yet over—I am pleased that it looks as if the coal in the ground around the village of Shuttington, in particular, is likely to be safeguarded. That means, of course, that the risk is still there, but it is no higher than it was last year, five years ago or earlier. At the end of the day, the coal is under the ground and we cannot do anything about it. The best that we can hope for is the safeguarding of the coal. The uncertainty and the blight remain, because there is always the possibility that one day someone will come along and try to dig out the coal using open-cast methods. That is why I consider the Bill so important.

Some people have said to me that 500 metres does not sound very much. Let me remind the House of the brief history that we were given by my hon. Friend the Member for North West Leicestershire of the situation in Ffos-y-Fran in Merthyr Tydfil, where there are houses 36 metres from the edge of the open-cast pit. As we heard, Wales now benefits from the protection of a 500-metre buffer zone. Unfortunately it was introduced after the development of the Ffos-y-Fran site, too late to help the people of Merthyr Tydfil, but the fact is that it is entirely wrong for the people of Wales and Scotland to have that protection when the people of England do not. I hope that the Bill, together with planning reform and the developing localism agenda—although the current Localism Bill does not cover this issue—will bring an end to the trampling of local communities by central Government.

In 2004 the then Energy Minister—coincidentally, my predecessor as Member of Parliament for North Warwickshire—wrote to the Welsh Assembly urging its members to impose an open-cast coal mine, against the wishes of the people living near Ffos-y-Fran. In his letter, dated December 2004 and obtained under the Freedom of Information Act, he wrote:

> "May I take this opportunity to say how pleased I was to hear that the East Pit opencast development has been approved...The Planning Decision Committee's acceptance of the Inspector's conclusions that the need for coal and the economic benefits would outweigh the harm to the environment and the amenity of local residents is particularly noteworthy. I hope that these arguments will also carry weight with the committee which decides the Ffos y Fran application".

I do not want to see Ministers in London overrule local councils and local people and impose open-cast coal mines 36 metres from people's doors, and I therefore hope that my hon. Friend's Bill will be passed.

1.32 pm

Anna Soubry (Broxtowe) (Con): I congratulate my hon. Friend the Member for North West Leicestershire (Andrew Bridgen) on his Bill, and offer it my wholehearted support. I shall not rehearse all the arguments that have been presented so ably by so many Members, but it is clear to me that there is cross-party agreement not only on the buffer zone but on the horrors of open-cast mining, of which many Members who are present have experience. It is to be hoped that, if nothing else, an all-party group will emerge from this, so that together we can try to ensure that our communities who are working so hard to oppose open-cast mining benefit from all the support, advice and experience that can be brought to bear.

The Bill is relevant to my constituents, who currently face the third application from UK Coal to develop an open-cast mine near the villages of Cossall and Trowell. Mercifully, both my predecessors were successful in spearheading the campaign against other applications, and I hope to repeat their success. The application is to mine 1.275 million tonnes of coal and almost a quarter of a million tonnes of fire clay over an area of 130 hectares.

Broxtowe contains an abundance of houses, and we do not have much green belt land. The application relates to the heart of that precious land, and it fills many of us with horror, not just because of the dust and noise that many Members have mentioned but because there will be some eight lorry movements an hour. We can imagine the impact that that will have, not just on the residents of Cossall and Trowell but on all the other communities that will be affected. It is surely unacceptable in this modern age to extract minerals such as coal and other substances in that way. It inflicts real blight on our countryside, and it has a direct impact on the quality of people's lives.

[Anna Soubry]

I do not want to go on much longer because so much has been said very ably and I would just repeat those arguments. I fully endorse all those comments. However, I make this plea. It is about localism. Other hon. Members have referred to that, but I hope that the Minister, whatever the Government's attitude might be to this excellent Bill—I hope that they will adopt it—hears what is coming out loudly and clearly from Members and their areas. I do not know of any application that has not been opposed by every parish, borough and county affected—they have done that not just as a group, but individually. Almost without exception, democratically elected representatives in my area and areas represented by other hon. Members on both sides of the House have opposed these applications. Invariably, they go to appeal and unfortunately, as we all know, they are signed off by the Secretary of State. With great respect, that flies in the face of what we say we now all believe in, which is localism.

Nigel Mills: Does my hon. Friend agree that local councils and MPs oppose these applications not because of nimbyism but generally on strong, robust planning grounds that are entirely consistent with planning policy? That is why it is so incredibly frustrating that their decisions get overturned at appeal by the Secretary of State, who seems just to fly in the face of planning policy.

Anna Soubry: I could not agree more. I am grateful for that intervention and I fully support it. It is deeply ironic.

The other important matter to be considered is this. I know from the fight that has been put up in Cossall and in Trowell that local councils and local people find themselves in a battle with UK Coal, which has a number of resources, including the ability to instruct experts. Already our hard-pressed parish and town councils are looking at how they can raise funds. There is just the beginning of an equality of arms, but as my hon. Friend has said, invariably, the county council opposes these applications for sound planning reasons. It is not a question of nimbyism. Many of those county councillors are not affected; they do not represent those areas, but they accept the argument that they should oppose the application on planning grounds. Unfortunately, however, the Secretary of State, after the inquiry, if it goes to an inquiry, takes a different view.

These applications take many years. I know that my hon. Friend the Member for North West Leicestershire and others have campaigned for years. The process has in effect barely begun. Many years of campaigning lie ahead. We face that in my constituency. It means that for years people have that awful blight hanging over their head. They do not know whether their beautiful, precious, highly treasured countryside will be blighted and scarred for ever by open-cast mining.

I hope that the Government will support the Bill and that the Minister will take from the debate the strength of feeling among Members on both sides of the House on the issue. The buffer zone may not be a panacea but it would be a great help and assist our local authorities in making planning decisions on such applications.

1.38 pm

Jack Dromey (Birmingham, Erdington) (Lab): The planning regime necessarily needs to strike a balance between development and the legitimate protection of local communities and the environment. I am familiar personally with the issue of open-cast coal mining. May I declare an interest? In my former being as deputy general secretary of the Transport and General Workers Union, as it was then known, I was responsible for energy policy and the membership employed in open-cast coal mines. In the debates over many years on energy policy, it was right that we should seek—Governments of both political persuasions sought to do this—to maximise indigenous sources of supply and to develop a balanced energy policy, drawing on a wide range of sources of supply, including nuclear, renewables and coal, both deep-mined and open-cast, which are partners, not opposites, in any sensible energy policy. We therefore do not agree with any view that holds that there should be no place for open-cast coal mining. On the other hand, it was an error of historic proportions that our deep-mine coal industry was allowed to decline as it has, not least because we still have 300 years of supply. Coal is an energy source that now comes into its own, particularly with the development of clean coal technology.

Any development—nuclear, coal or renewables—requires permission, and if it is granted, jobs are created. It cannot be right, however, for any open-cast coal mine development fundamentally to disturb a local community's peace and tranquillity. As was said earlier, developers are more likely to be granted permission if they take local communities' legitimate concerns properly into account.

We congratulate the hon. Member for North West Leicestershire (Andrew Bridgen) on introducing the Bill, which rightly addresses genuine concerns felt by communities across Britain. It is clear from the contributions made from both sides of the House, including by my hon. Friend the Member for City of Durham (Roberta Blackman-Woods), that there is broad cross-party support for the Bill.

There are four main reasons why the Bill is worthy. First, the hon. Member for North West Leicestershire is right that Scotland and Wales already have the 500-metre buffer zone between open-cast mines and residential areas. Secondly, the Bill would help to reduce pollution in communities where there are proposals to open open-cast mines. Thirdly, the communities affected by open-cast coal mining universally support the Bill. Fourthly, the Bill would legally define coal operators' obligations to local communities, which is right. The hon. Gentleman was also right to say that the Bill is important not only because there are 29 current open-cast sites, but because 34 sites are proposed for the next stage of development.

The Labour Government made some progress in the right direction, such as through the planning policy assumptions relating to extraction. That addressed the 500-metre issue, and there was a caveat that ultimately led to successful challenges being mounted to developments unacceptably close to residential areas. We believe this is a worthy Bill, which deserves to be given a fair wind for its next parliamentary stages. It can also be strongly argued that England should come into line with Scotland and Wales, and that local communities in different areas should enjoy the same protection.

The Bill is particularly well timed because the Committee stage of the Localism Bill is commencing. The point was made that the Localism Bill's measures do not satisfactorily address the issues of great public interest and concern that are raised in this Bill. We will support the Bill therefore, and we urge Ministers to respond positively to the strong representations on it made by Members on both sides of the House.

1.44 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): I congratulate the hon. Member for North West Leicestershire (Andrew Bridgen) on his success in the ballot, on presenting his case so cogently and on attracting a lot of cross-party support for his Bill. I must stress at the outset that I cannot discuss the merits of any live planning application because the Secretary of State's role in the planning system means that I would be prejudicing it to do so. A lot of sites were mentioned by hon. Members who were, quite reasonably, advancing the case for the Bill and, in some cases, discussing applications, prospective or otherwise. I am sorry to disappoint hon. Members, but I am not able to respond to those points.

I have a little history on this matter myself. When I was a prospective candidate, as the hon. Member for North West Leicestershire was before he was successful at the most recent election, I appeared at a public inquiry on the application for open-cast coal mining at Towers Farm, near the village of Poynton, on the edge of what is now my constituency. *[Interruption.]* My right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) is telling the House that he was born there. I am happy to report to the House, as I was happy to report to my electors at the time, that the public inquiry came out in favour of no open-cast coal mining. Although most people see my constituency as a leafy suburban area adjacent to a national park, it has the same coal beneath it as is under the constituencies of the hon. Members for South Derbyshire (Heather Wheeler) and for Amber Valley (Nigel Mills), so I fully understand the high level of public concern about these applications. The concerns about the environmental protection lost as a result of the intrusion of these developments and about the dust are often well justified.

Nigel Mills: I think that we all fully appreciate that the Minister cannot comment on individual applications, but may I press him to comment a little on the annoyance that people feel when county councils turn down applications on valid planning grounds and they see Secretaries of State completely override local opinion? Is that approach appropriate? Does he think it might change a little under his Government?

Andrew Stunell: I am glad the hon. Gentleman made that point because during his earlier remarks he stated as a fact that a Secretary of State automatically approves applications that come before him—or her, as was the case in previous Administrations. As a matter of fact, the Secretary of State refused the most recent appeal put before him relating to a site in Yorkshire, so it is not right to say that he takes an arbitrary view that every application should be approved and I would not want the record to suggest that he does. When an application comes before him, he has to adopt a quasi-judicial approach that takes account of the different factors in play, and I shall say something about what those factors are in a few moments. It would clearly be wrong for him to have an arbitrary pre-disposition, either for or against every application. So despite what the hon. Gentleman might wish or fear to be the case about the Secretary of State's approach, it has to be objective and balanced. The Secretary of State's approach must take account of all the factors that he ought to take into account and exclude all the factors that he ought not to take into account. I believe that that is the legal phraseology, although I am not a lawyer.

Jacob Rees-Mogg (North East Somerset) (Con): Will the Minister explain whether the change in government has been accompanied by a change in the Secretary of State's basic application of principles? Does the localism agenda of this Government mean that a Secretary of State may be more willing now to allow the decision to be made locally than was the case in the past?

Andrew Stunell: The hon. Gentleman makes an important point, which I shall discuss later. In outline, the Government's approach is that local communities should have greater capacity to influence the nature of their future growth and development, which is why we removed the regional spatial strategies and why we are placing a huge amount of emphasis on the neighbourhood planning system.

The hon. Member for Birmingham, Erdington (Jack Dromey), who speaks for the Opposition, and I are currently wading through the Localism Bill, and we will shortly consider the provisions relating to planning. I do not know whether we will reach a common view, because he has perhaps indicated that he is not convinced that localism is the way to go. I look forward to that discussion in the coming week or so.

My right hon. Friend the Member for Berwick-upon-Tweed asked whether there will be a change in emphasis and balance in the way in which the Secretary of State approaches such matters. When the Localism Bill is enacted, such matters will not be exclusively for the Secretary of State, because some of them will be devolved. In a few minutes, I will discuss the national planning policy framework, which is a development of current national planning guidance. It is clearly important to take that into account in respect of minerals policy and the use of coal.

Several hon. Members have spoken in the debate. I have commented on what my hon. Friend the Member for North West Leicestershire said in introducing the Bill. He stood up strongly for one local community, Minorca, which some of us thought was in the Mediterranean but is clearly much closer to home, and set out stories of blight from around the country. He emphasised the widespread support for his Bill.

Andrew Bridgen: I was discussing the Minorca Opencast Protest Group. The old mine is the Minorca site, which is just outside the village of Measham at the southern end of North West Leicestershire.

Andrew Stunell: Coming to Parliament is an educational process, and I am delighted to have learned yet another place name. That protest group has attracted the hon.

[Andrew Stunell]

Gentleman's support, which I fully understand. That led him to introduce his Bill, which in turn generated a lot of support from around the country for his cause.

The hon. Member for City of Durham (Roberta Blackman-Woods) made some strong, cross-party points in supporting the hon. Gentleman's case, as did the hon. Member for South Derbyshire, who is not in her place, and the hon. Member for Amber Valley.

My long-standing right hon. Friend the Member for Berwick-upon-Tweed also made some points. He discussed my first point, which concerns the need to strike a balance between the competing needs of local communities and national policy. In that respect, he discussed the possibility of local authorities developing and implementing buffer zones to provide local protection for communities. I assure him that it is both possible and right for local authorities in developing their planning policies to consider buffer zones on a case-by-case basis. The separation distance would have to be justified. Of course, some local planning authorities have such buffer zones in place.

Sir Alan Beith: My hon. Friend does not quite get the point. Something is not a buffer zone as we understand it if is dealt with on a case-by-case basis. It is a reasonable expectation in almost all conceivable circumstances that there will be a set minimum distance, which does not have to become a battle ground between the local authority and the developer or on an issue that might be overturned on appeal.

Andrew Stunell: Whether a condition appears as part of a council's adopted and approved local plan—for instance, the Northumberland unitary council development plan—or is imposed by the Secretary of State or, indeed, by legislation makes no material difference. I draw my right hon. Friend's attention to the fact that the Scottish and Welsh buffer zones, as they have been described, or bans have been prayed in aid. I also draw his attention to the explanatory notes produced by the Library. They make it quite clear that the policy on open-cast mining in Scotland does indeed have a presumption on 500 metres, but it is subject to some quite important exceptions. They say:

"Site boundaries within 500m of the edge of a community may be acceptable where it would result in improvement of local amenity or future development opportunities by clearing an area of derelict or despoiled land, the stabilisation of an undermined site or similar benefit. Topography, the nature of the landscape, visibility and prevailing wind directions may result in a greater or lesser distance being required, depending on specific local circumstances."

So a number of important caveats relate to the Scottish buffer zone, which has been prayed in aid. As I understand current planning law and what the law will be after the passage of the Localism Bill, it would be perfectly open to Northumberland unitary authority to decide to adopt such a planning approach. Whatever the planning approach —whether it is statutory, as in Scotland, or based on the development of the local planning system—it would of necessity have to take account of particular circumstances.

Roberta Blackman-Woods: I am listening to the Minister with some interest but growing concern. Is he arguing that the measures in the Bill are, in fact, contained in the Localism Bill and that this Bill is unnecessary, in which case I would have very great concerns, or is he suggesting that the Government are backing this Bill, which is what everyone wants to happen today?

Andrew Stunell: I thank the hon. Lady for her intervention. Perhaps if I make a little more progress, the factors that we have to take into account when we consider our approach to the Bill will become clear.

Mr Chope: Will the Minister perhaps say whether the Government support, tolerate or oppose the Bill? Why do we need to wait any longer to hear a one-word answer to that question?

Andrew Stunell: Let me set out my case.

Anna Soubry: Just tell us!

Andrew Stunell: I will set out my case. Let us be clear: coal extraction, like other mineral extraction, is different from most other sources of development. The resource can be extracted only exactly where it lies. Coal extraction is not footloose, like housing or retail development. If it is turned down in one field, it cannot simply move to the next field. Such things are not permanent operations. After extraction, the land must be restored to high environmental standards.

Chris Bryant (Rhondda) (Lab): Many Members in the Chamber feel passionately about this issue because it directly affects their constituents. Two hon. Members have asked the Minister a direct question: do the Government support, oppose or tolerate the Bill? It seems that the Minister is trying to talk for another half hour, but that would be cowardly and would not answer—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I am sure that the hon. Gentleman does not mean that and that he will take back the word "cowardly".

Chris Bryant: Obviously I am not saying that the Minister is being cowardly, but if he were to do that, he would be cowardly.

Mr Deputy Speaker: Order. I am sure that the hon. Gentleman will withdraw the word "cowardly" in this case.

Chris Bryant: If that is your ruling, Mr Deputy Speaker, I am happy to withdraw the word, but I want the Minister to answer the question directly for the people in the constituencies that are most affected, because otherwise he is a disgrace.

Mr Deputy Speaker: Order. We should not get carried away. Minister, I am sure that you have heard the points—you carry on.

Andrew Stunell: Thank you, Mr Deputy Speaker.

I can assure the hon. Member for Rhondda (Chris Bryant) that before we get to 2.30 pm, he will understand the Government's view of the Bill. There will no doubt be further opportunities for Members to interrogate me about our decision and the way in which we reached it.

Anna Soubry: We are all here to help the Minister. We just want to know, please, whether he is for the Bill, against it or neutral. This is the third or fourth time that the question has been asked.

Andrew Stunell: I do not want to irritate the House further, so let me say, in plain words, that the Government do not support the Bill. I shall explain why as we proceed; I would not want to cause any more friction than I might anyway.

The extraction of coal is different from other considerations. The operation is not permanent or long term, and nowadays there are now always requirements for the restoration of land to high environmental standards, which can sometimes involve great biodiversity benefits.

The period of extraction will vary considerably, depending on the availability of resources, but most coal operations last for a far shorter period than stone extraction or crushed rock operations, for example. However, I recognise that three or five years—or perhaps longer—is still a considerable time for local people to put up with such development, which is why environmental effects are properly considered at the outset and monitored throughout the life of a site's operation. It also explains why it is important that we get the right balance between the need for coal on the one hand, and coal extraction's environmental impact on local communities on the other hand. I hope that I have gone some way to demonstrate that I have first-hand understanding of that second point.

Our debate so far has lacked any serious consideration of the role of coal in the United Kingdom's energy mix, although the hon. Member for Birmingham, Erdington sketched in a small amount of detail. Energy policy is a matter for the Secretary of State for Energy and Climate Change. The Government recognise the need for a low-carbon economy and that any credible strategy for tackling climate change must include a consideration of the country's energy needs.

Jack Dromey: The Minister's prolonged justification of the Government's position is fascinating. As he has set out that position, however, may I press him to bring his remarks to a conclusion before 2.30 pm so that this worthy Bill can proceed to Committee?

Andrew Stunell: I thank the hon. Gentleman for that, but we have had something approaching an hour's exposition of the local balance; it is only right for me to say something about the national factors, which also have to be taken into account.

The House needs to recognise that coal continues to play an important role in our energy mix and is likely to continue to do so for the foreseeable future. It is a reliable form of energy and it makes a significant contribution to meeting UK energy demand; the figure is about 30%. Coal production in the UK has declined significantly in the past few years, but coal mining is still a significant industry in this country. The indigenous coal industry supplies 35% of our national coal demand.

Chris Bryant: That has nothing to do with the Bill.

Andrew Stunell: It has a great deal to do with the Bill, as the hon. Gentleman will understand in just a moment.

Dan Byles: The Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Wealden (Charles Hendry), told the Select Committee on Energy and Climate Change that he did not see a future for unabated coal-fired power stations in this country. There is no working carbon capture and storage coal power station anywhere in the world, and there are many question marks over whether CCS technology with coal will ever be commercially viable. Given that, does the Under-Secretary believe that there is an imminent shortage of domestic coal production in the UK that requires an expansion of open-cast coal mining in the next 10 to 15 years?

Andrew Stunell: I cannot say that I represent the view of the Department of Energy and Climate Change, but we are talking not about expending production but about maintaining it. It is in the nature of extraction that once a site has had all its coal removed, it is no longer viable for coal production and new sites have to be developed. At the moment, 35% of UK coal consumption is provided for by UK coal extraction. That not only provides jobs—a point made by the hon. Member for Birmingham, Erdington—but reduces the cost of imports.

To respond to the point about carbon capture and storage made by the hon. Member for North Warwickshire (Dan Byles), the coalition agreement outlined plans to support the development of four plants with carbon capture and storage technology, which can reduce emissions from coal-fired power stations by about 90%. I understand that formal proposals are under consideration at the moment. The Government's main policy objective for coal is to ensure that the United Kingdom is able to make the best use of a valuable natural resource where it is economically viable and environmentally acceptable to do so.

Indigenous reserves contribute towards the Government's energy objectives on affordability, and form part of the policy on security of energy supply. The reality is that much of UK's coal reserves lie in England. They have the potential to provide security of energy supply long after oil and natural gas are exhausted, so we need to ensure that we can preserve coal for future extraction.

Jacob Rees-Mogg: That is an exceptionally interesting point: we may need to go back to coal when other fossil fuels have run out. Might the Government not therefore consider it appropriate to have a 550-yard limit, as I prefer to call it, until such time as it is necessary to dig out substantial quantities of coal again?

Andrew Stunell: I have already made the point that, as I understand it, the UK coal industry does not see itself expanding the amount that it extracts; it looks to maintain the amount that it extracts. My understanding from the last time I took a detailed look at UK energy reserves is that we have something like 200 years' worth of identified coal reserves. That is clearly much more substantial than the amount of oil and gas that can be recovered within the confines of the United Kingdom's economic sphere. Existing planning policy already places considerable emphasis on ensuring that the environmental effects of mineral extraction, including coal extraction, are mitigated.

There are specific planning policies on coal in England. Hon. Members have referred to minerals planning policy guidance note 3, which carries a presumption against

[Andrew Stunell]

surface coal mining extraction unless the proposal meets stringent tests. That connects back to the points made about the Secretary of State's role. There is a presumption against surface coal mining extraction unless stringent tests are met. Those tests relate to environmental acceptability and the provision of local and community benefits; it is necessary to demonstrate that those clearly outweigh the likely impacts.

Mr Stewart Jackson (Peterborough) (Con): Does the Minister foresee the issue of open-cast mining being part of the future requirement for local authorities to work together and co-operate on infrastructure planning, as outlined in the Localism Bill?

Andrew Stunell: My hon. Friend is right. The Localism Bill introduces a new duty on local authorities to co-operate. That is designed to provide a framework for local authorities to work jointly on common issues. My hon. Friend could also have mentioned the local enterprise partnerships, which are formed from a number of local authorities working with the private and commercial sector and aim to promote growth and future prosperity in an area. They will want to look at all sources of economic growth in their areas. There will be a framework in which that can take place.

Proposals for open-cast mining in national parks, areas of outstanding natural beauty and sites designated for nature conservation purposes must meet additional tests because of the serious impact that minerals development may have on the natural beauty of such areas. My hon. Friends the Members for Amber Valley and for South Derbyshire have a combination of community impact and natural landscape value impact to take into account. There is a requirement and expectation that all proposals for coal extraction must be accompanied by an environmental statement. That allows a thorough consideration of all environmental effects and what must be done to ensure that they can be kept to an acceptable minimum.

Dan Byles: I am curious to know whether the Minister agrees with the then Energy Secretary, my predecessor as MP for North Warwickshire, who in 2004 wrote to the Welsh Assembly saying that the need for coal outweighs environmental issues and the amenities of local people?

Andrew Stunell: I hope that my hon. Friend will gain some reassurance from the fact that the most recent application that came in front of the Secretary of State demonstrates that the national test does not outweigh the local environmental test. The Secretary of State could not have—and, the evidence shows, has not had—a closed mind, as my hon. Friend fears.

Current policy recognises that, in individual circumstances, it could be appropriate to have an adequate separation distance between the boundary of a minerals site and the nearest community. Any such distance must be properly justified. I have already said that local planning authorities—in Northumberland, for instance—are free to do that. The coalition Government believe that councils are best placed to make planning decisions for their local areas, and it is right that they should be free to carry on their role with minimal interference.

Nigel Mills: I struggle with the point that the Minister is making. Does he really think that all the councils that have consistently tried to defeat such planning applications have somehow missed the idea of putting a 500-metre separation zone in their planning policy, and that saying, "Change your policy and put that in," will stand up to scrutiny when applications are made and subsequently go to appeal? We need national protection to support planning authorities that are trying to implement that policy, which they are struggling to do at this point.

Andrew Stunell: The Scottish and Welsh situations have quite often been prayed in aid during the debate. However, in both places the buffer zone is a matter of planning policy rather than of statutory requirement. We believe that councils are best placed to make those planning decisions, just as we are content for the Assembly in Wales and the Scottish Parliament to make those decisions for their respective countries.

Nigel Mills: The Bill asks the Minister to issue that planning policy guidance for England. If the planning policy sets out the 500 metre mark—in some situations, that could be wider or narrower—we will at least have a decent, robust starting point. We understand that that may be varied in local circumstances, but the problem at the moment is that councils struggle to justify 50 metres versus 400, 300, 200 or 150 metres, ending up with open-cast mines that are 30, 50 or 70-odd metres from people's houses, such as the proposal at Lodge House in my constituency. That is just not acceptable.

Andrew Stunell: Although it is very tempting, I cannot talk about specific cases. The hon. Gentleman has highlighted that a minimum zone ought to be left in any given circumstance, and the appropriate body to take that decision is the local planning authority.

Mr Stewart Jackson: If I may come to the Minister's assistance, there is an established precedent in respect of the development of residential accommodation near to major national energy infrastructure such as gas pipelines. That is already established in planning policy guidelines, and it is robustly interpreted by many local planning authorities. It is not beyond the wit of man or beast to extend that arrangement for open-cast mining.

Andrew Stunell: The relevant consideration with gas pipelines is safety. Similar points have been made, and sometimes advanced in private Members' Bills, about high-voltage power lines and things of that sort. There are different considerations, but my hon. Friend quite correctly points out that national policy is appropriate to take account of factors such as safety. However, when it comes to environmental factors and the impact of a development on a local community, the right place for making a decision is at the local level. Local authorities should be free to carry out their role with the minimum of national interference.

That, of course, is exactly the circumstance in Scotland and Wales. Planning is devolved to those Administrations, and they are entitled to have different policies to meet their particular situations—and even now, before the passage of the Localism Bill, so are local authorities in England. That will be even more the case once that Bill becomes an Act.

The Planning (Opencast Mining Separation Zones) Bill aims to align more closely the policies of Scotland, Wales and England. At the moment, all three countries must have a system where planning applications are decided on their merits after consideration of all relevant planning issues, including the likely effect of the proposed development on the surrounding area. Having different approaches to the same end is exactly what diversity and devolution mean. The passage of a Bill requiring the imposition—if that is the right word—of a fixed separation distance would in fact go beyond the requirement in Wales and Scotland, where that is covered by planning policies.

Dan Byles: I am interested in the Minister's suggestion that somehow this is a localist issue. Can he therefore explain why minerals extraction was specifically excluded from the Localism Bill?

Andrew Stunell: Yes, I can. It is because minerals extraction will form part of the national planning policy framework. In that respect, it is no different from—or, perhaps I should say, it at least starts from the baseline of—the current situation, in that national planning policy covers mineral extraction, whether of coal or other materials, and overrides local planning control. The national planning policy framework will be different, although I shall say more about that in a few minutes.

Dan Byles: I am sorry, but I am now utterly confused. I know that I am new to this place, but is mineral extraction something that needs to be dealt with nationally, as the Minister appeared to say just now, or is he saying that it should not be subject to a national policy, as under this Bill, but left to local authorities? He appears to have completely contradicted himself.

Andrew Stunell: No, there is no contradiction, and I am happy to reassure the hon. Gentleman. The current position is that decisions at the local level on the extraction of minerals have to be taken with regard to the existing note 3, to which I have already referred, but with safeguards—

Andrew Bridgen: I hate to say this to the Minister, but I think he is digging a big hole for himself on this issue, and we will be back.

Andrew Stunell: The fundamental lay-out of coal, which is not in the control of the Government—it was established about 200 million years ago—means that a 500-metre buffer zone has an entirely different impact on coal extraction in Scotland and Wales. Indeed, the imposition of buffer zones there had little immediate impact on the industry's ability to extract coal, regardless of the environmental impact.

Anna Soubry: The Minister gave way previously just as he was in the middle of explaining the Government's view on whether something was a local decision or whether the national guidelines would override any local decision. I am sure that I speak for many Members when I say that we would be very grateful if he would be so good as to finish that sentence and please explain that point to us. That may be very helpful.

Andrew Stunell: Okay, probably the most helpful thing to do would be to start the sentence again from the beginning. What is required when a decision is taken is that there should be an appropriate balance between the national factors—which in future will be set by the national planning policy framework and which are currently set by note 3—and, on the other hand, the requirement to protect the environment and the communities where the development is proposed. That is what is tussled over at the moment.

Jacob Rees-Mogg: I thank the Minister once again for giving way; he has been remarkably generous and gracious. When talking about protecting the environment and communities, he seems to have left out one key point, and that is the individual. I was struck very much by the point that my hon. Friend the Member for North West Leicestershire (Andrew Bridgen) made about the lady in the Wrekin, aged 87, who suddenly had a mine come right up to her window and who could not go out of her house. Surely Her Majesty's Government and we as Members of Parliament are here to protect individuals. If we are talking about just the environment and communities, that is leaving elderly people in a most unsatisfactory position.

Andrew Stunell: I absolutely agree. As I have said, I am somewhat constrained because I cannot comment on individual applications, but it would seem extraordinary if, in this day and age of environmental impact assessments, it was considered appropriate to site open-cast mining within such a small distance.

Jacob Rees-Mogg: I would not ask the Minister to speak to individual cases, but will he lay down some general principles as to how individuals might be protected and how Government policy might develop in that direction, even in the absence of the Bill? Will he also tell us whether compensation could be paid to people such as the lady in the Wrekin? We need to understand that individuals in our constituencies really will be protected.

Andrew Stunell: There are two ways in which that will be advanced from where we are now. The first will involve the national planning policy framework, on which we are currently consulting and inviting views. When hon. Members read this debate in *Hansard*, they will note that I have reminded them of the opportunity to give us their views on this matter. That consultation will set the level of priority to be given to the national case for the extraction of coal by open-cast mining in England. Set in balance with that will be—and, indeed, are—the social and environment factors that my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) has just invited me to comment on.

Dan Byles: At the risk of being called to order for speaking for a community that is not in my constituency, may I draw the Minister's attention to the case of the people of Ffos-y-fran, with whom I have spoken about this issue? I urge him to get in touch with the action group there, and to invite himself down there to stand in the garden of the house that is 36 metres from the open-cast pit, so that he can see for himself the impact that these activities can have on people.

Andrew Stunell: I would be ready to go there, although I must point out that I would not be able to offer an opinion because of the role of the Secretary of State in these matters. I am in no way dismissing the very strong concerns that Members have expressed in this debate. The Government are not dismissing them either. We are saying that is right and appropriate for local planning authorities to be the people who set the guidelines. If they think it is appropriate to have a buffer zone in their area with a presumption of refusal inside that zone, that is a matter for them. However, such a decision has to be justified on the facts of each individual case and, at the moment, the planning authorities have to balance with that the factors in note 3.

Anna Soubry: I understand the dilemma in which the Minister finds himself, perhaps on many fronts, and I would not ask him to express an opinion, but would he be so good as to come to the villages of Cossall and Trowell in my constituency? There, he would see an historic area of land with a strong link to D. H. Lawrence—indeed, his fiancée's cottage is in Cossall. This piece of our green belt is much loved by many people in Broxtowe, but it is now under threat from open-cast mining. The people there would be grateful to the Minister for coming to the area and at least looking at the issues, if not giving his opinion on them.

Andrew Stunell: I am looking forward to my grand tour. I will certainly consider any invitations from hon. Members to visit their areas.

The national planning policy framework will set out the Government's economic, environmental and social priorities for the planning system in England in a single, concise document covering all major forms of development proposals handled by local authorities. Existing policy areas covered by guidance will be integrated into that document. That will, of course, include note 3. The review will consider the environmental impacts of minerals extraction. This is an opportunity to ensure that we have got the right policy for this country to take account of our particular circumstances.

I therefore ask hon. Members who have taken part in the debate to offer their suggestions to the Department on which priorities and policies we might adopt—[HON. MEMBERS: "The Bill!"] Well, that is fine. *Hansard* will stand as a record of Members' views on this matter. However, the national planning policy framework will not be a Bill; it will be a policy framework—

2.30 pm

The debate stood adjourned (Standing Order No. 11(2)).

Ordered, That the debate be resumed on Friday 28 October.

Business without Debate

SEX AND RELATIONSHIPS EDUCATION BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 1 April.

APPRENTICESHIPS AND SKILLS (PUBLIC PROCUREMENT CONTRACTS) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 17 June.

CONTAMINATED BLOOD (SUPPORT FOR INFECTED AND BEREAVED PERSONS) BILL [*LORDS*]

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 1 April.

COUNCIL HOUSING (LOCAL FINANCING PATHFINDERS) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 1 April.

PARLIAMENTARY STANDARDS (AMENDMENT) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 4 March.

Mr Tom Watson (West Bromwich East) (Lab): On a point of order, Mr Deputy Speaker. This morning the High Court ruled on the decision of the Secretary of State for Education to cut the Building Schools for the Future programme, claiming that it was unlawful, unfair and an abuse of power. Have you heard a squeak from the Secretary of State, Mr Deputy Speaker? Is he going to come to this House to explain himself?

Mr Deputy Speaker (Mr Lindsay Hoyle): The matter has been raised already, and I have heard nothing further on it.

Cleveland Fire Authority

Motion made, and Question proposed, That this House do now adjourn.—*(Jeremy Wright.)*

2.32 pm

Mr Iain Wright (Hartlepool) (Lab): I would be grateful if you, Mr Deputy Speaker, would convey my thanks to Mr Speaker and his office for going out of their way to help me secure what I view as a very important debate for my area.

We should be in no doubt that having an appropriate, effective and resilient fire and rescue service to cope with incidents is a vital part of our economy and society. The tragic death in a fire at his home yesterday morning of former England cricketer, Trevor Bailey, shows all too sadly how fire deaths still occur. The thoughts of the House are with his family, especially his wife Greta, who thankfully survived the fire.

At the start of my comments, may I also pay tribute to all those brave firefighters in Cleveland and elsewhere who, day in and day out, week in and week out, leave their families and risk their lives in the pursuit of a safe and fire-free society? It is absolutely right and proper to say that firefighters deserve the public's full respect, appreciation and support. I also wish to put on record the fact that my hon. Friends the Members for Middlesbrough South and East Cleveland (Tom Blenkinsop), for Stockton North (Alex Cunningham) and for Middlesbrough (Sir Stuart Bell) had wanted to be here. You will appreciate, Mr Deputy Speaker, that because today is a Friday—always a busy day in constituencies for hon. Members—they are unable to do so.

I know that the Minister in his place on the Treasury Bench is not the Minister with responsibility for fire, but I used to have the same job that he now holds in the Department for Communities and Local Government, so I know from my experience that his diary will be filled by people and organisations coming to see him every single day to say that although they appreciate that cuts and efficiencies have to be made, their particular circumstances warrant special consideration or treatment. In the case of Cleveland fire brigade, I urge the Minister to recognise that this really is a special, unique and nationally significant case.

There are two big factors that massively increase the risk of serious and fatal fires. The first is large concentrations of industry; the second is pockets of social and economic deprivation. The area served by Cleveland fire authority has an abundance of both. My area has the largest concentration of chemical and petro-engineering sites anywhere in Europe. My constituency has a nuclear power station, with the possibility of a replacement to be built in the next few years. There is a gas power station nearby at Wilton. Both facilities generate a significant proportion of the nation's electricity for the National Grid. As for national infrastructure, the Tees and Hartlepool port authority handles more than 50 million tonnes of cargo a year, making it the largest UK port in tonnage terms. The port is growing in importance in distribution to supermarkets and other businesses, making its continuing operation vital to business continuity for much of the retail sector in the north of England and Scotland. Hundreds of thousands of chemical tanker movements take place through Teesside by road, rail or sea every day. A major fire incident, which involved loss of service for the power stations, the port or the road network in the north-east heading up to Scotland, would ensure significant disruption costing billions of pounds to the national economy. As for control of major accident hazards, or COMAH, sites, Cleveland fire authority has 34 of the highest top-tier risks and three of the lower-tier sites, the biggest number of such sites in the country. The Cleveland fire authority area represents 12% of the COMAH sites in Britain, the biggest concentration in the country.

To put matters into perspective, the biggest fire incident that the country has seen in the post-war era was at Buncefield, where a number of explosions took place in oil storage depots in December 2005. The incident resulted in a massive fire, which engulfed the site, damaged nearby residential and commercial properties and required the evacuation of many homes and businesses from the vicinity. The fire burned for several days and emitted large clouds of black smoke into the atmosphere. I vividly recall travelling down by train from Hartlepool to the House on the day after the explosion and seeing the black smoke from many miles away.

To put the risk facing the Cleveland fire authority area into perspective, a single fuel storage tank facility in my constituency is 100 times larger than the facilities that exploded at Buncefield. The potential of a major fire incident in my constituency or throughout the Cleveland area, although horrific to contemplate, needs to be identified, managed, planned and, crucially, funded, as comprehensively as possible. Teesside has enormous potential in the next few years to become the country's leader in advanced manufacturing, and to be the national centre of excellence for energy, particularly renewable energy, and in the process industries. The private sector, before pumping billions of pounds of investment into an area or country, will rightly want to assess factors such as skills levels, but will also wish to reassure itself that protection of its investment, in terms of resilience against fire, will be provided. A failure to do so could severely hinder the prospect of economic growth in my region. The Minister should consider that factor.

The second biggest factor in identifying the risk of a major fire incident is social and economic deprivation. A direct correlation exists between the income of a person and whether that person has a higher-than-average exposure to fire risk. Teesside has high levels of unemployment, at about twice the national average, and that jobless total is rising fast as a result of the Government's economic policy. The most recent index of multiple deprivation measure showed that 40% of all wards within the Cleveland fire authority area fall within the worst 10% nationally. The authority must also deal with the problems of crime and anti-social behaviour. I am not proud to say that the Cleveland area suffers from one of the highest arson rates in the country, with an estimated nine out of 10 fires considered to have been started deliberately.

Those factors—high concentrations of industry, important aspects of vital national infrastructure and social and economic deprivation—mean that Cleveland fire authority must be seen as a special, even unique, case. It is imperative that the area has not only a fire and rescue service that is adequately funded, but one that is no less than the best in the world, in order to manage the risk of major fire incidents. Under the Government,

[Mr Iain Wright]

however, that level of support and funding is not forthcoming. Cleveland fire authority is being asked to find disproportionately high cuts. Under the comprehensive spending review, fire resource expenditure will be reduced in real terms, across the country, by about 13%. The revenue support grant, from which Cleveland fire authority receives about two thirds of its total income, will see a cut of about a quarter.

What is particularly disappointing is that Cleveland fire authority is being subjected to much larger cuts than other fire authorities. Throughout the CSR period, Cleveland is being asked to find cuts of about £9 million from a total budget of about £33 million. In the current financial year the fire authority's budget has risen by 0.5% in cash terms, whereas metropolitan authorities' budgets have has risen by an average of 1.3% and those of combined fire authorities by an average of 2%. In the financial year 2011-12, only one fire authority in the country will experience a greater reduction in funding, while the funding of a quarter of authorities will actually grow, albeit in cash rather than real terms.

Given the unique nature of my area and the challenges facing Cleveland, which I mentioned earlier—high concentrations of industry, pockets of social and economic deprivation, and the need to maintain business continuity for essential parts of the national infrastructure—how is that fair? Surely a risk factor needs to be included in the calculation of any funding formula for fire authorities. The calculation should take into account the special circumstances in my area, and ensure that the best and most effective risk management can be undertaken.

What is also galling is that the fire authority has already risen to the challenge by making efficiencies, streamlining procedure, and being forward-looking and innovative. This is not a fire authority that is rooted in the past. In the last five years it has taken more than £5 million-worth of costs out of its organisation, thus becoming the second most successful fire authority in terms of efficiency savings per head of the population.

At the same time, the authority's performance and presence in the community has grown massively. It has passionately embraced the community safety agenda, and has adopted a proactive stance in identifying households at particular risk of fire, such as those of the elderly. Its work in that regard—replacing chip pans and electric blankets and fitting smoke alarms—is increasing exponentially, and has been incredibly successful. It has achieved the greatest reduction in primary fires and accidental dwelling fires in the period since 2001-02, and it has committed the fourth greatest number of hours to proactive fire prevention, being beaten only by three large metropolitan brigades. It is in the community, emphasising fire safety and prevention. However, given the level of the current cuts, such activity—which actually saves money in the long run—will have to stop.

I genuinely fear that the level of these cuts is beginning to compromise public and firefighter safety, and that—given our unique profile, which I mentioned earlier—the ability of Cleveland fire brigade to tackle a major incident on Teesside is being stretched to breaking point. I said earlier that the bigger post-war fire in this country was the one at Buncefield. The second biggest was on Teesside, at the BASF plant in Wilton. In October 1995, 40 appliances from Cleveland fire brigade and 200 firefighters tackled an industrial blaze that took three days to extinguish.

I fear that the cuts imposed on Cleveland fire authority by the Government are compromising Cleveland's ability to tackle a repeat of the 1995 fire. The fire authority now has only half as many appliances as it did in 1995. With the greatest respect to retained firefighters from the area and from neighbouring Durham and North Yorkshire, who do a fantastic job, they do not have enough specialist technical knowledge to extinguish a complex industrial fire on such a large scale.

I hope that I have made clear to the Minister the special and unique challenges in the face of which Cleveland fire authority must operate. I have outlined my real concern that the cuts being imposed on my local fire service are pushing to the very limits the brigade's ability and capacity to cope with a major incident. The Minister and his Department should reconsider the cuts that are being required, the nature of the grant and its component parts, and the special circumstances of my area. I ask him to reassure me, to reassure Ian Hayton, the chief fire officer, and—most important of all—to reassure the people and businesses who operate on Teesside that future funding arrangements for Cleveland fire authority will allow the firefighters in my area to do their job safely and effectively.

2.44 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): I congratulate the hon. Member for Hartlepool (Mr Wright) on securing the debate. Listening to his speech, I thought that we had done a completely unexpected job swap. I hope I will be able to give him some of the reassurances he seeks.

The Government have made a clear commitment to ensuring that the effectiveness of front-line services is protected, but deficit reduction is the No. 1 priority. We are borrowing £400 million a day, or £150 billion this year. Deficit reduction has to be the top priority.

In that context, we gave the fire and rescue service some protection in the recent settlement.

Mr Iain Wright: I apologise for intervening so soon. Is the Minister seriously suggesting that deficit reduction takes precedence over fire protection and safety?

Andrew Stunell: Of course it does not. As I said, we gave the fire and rescue service some protection in the recent settlement. Single-purpose fire and rescue authorities will see a reduction in revenue spending power, taking into account grants from central Government and council tax, of 2.2% in 2011-12 and only 0.5% in 2012-13. It is clear that fire and rescue services will need to increase efficiency and deliver reform. However, we have not ignored their special circumstances. I believe that it is a fair settlement for the fire service in what are undoubtedly very challenging times for the public services in general.

We have back-loaded cuts to fire and rescue services to the last two years of the four-year spending review period. That will give fire and rescue authorities the time they need to make the necessary changes without affecting the quality and breadth of the services that they provide. However, there will still be tough choices to be made and I appreciate that Cleveland is not excluded from that. However, we believe that significant savings can be found by fire and rescue services, including

through staffing arrangements, sickness management, recruitment freezes, shared services and back-office functions. Other things will be relevant to individual authorities.

The 2011-13 formula grant settlement for Cleveland fire authority was part of what was debated and approved by Parliament on Wednesday. Cleveland's representations were taken into account by the Secretary of State along with all other representations.

On Cleveland's settlement, the reduction in formula grant is 9.5% in 2011-12 and 3.4% in 2012-13, but it is important to consider the other funding that Cleveland receives. All told, the fire and rescue authority will see an overall reduction in spending power of 5.6% in 2011-12 and 2.2% in 2012-13.

The authority has been protected. The hon. Gentleman's points about deprivation and risk have been taken into account. I want to set out how that has been done and the effect of that on Cleveland.

We have struck a balance in the distribution system, protecting fire and rescue authorities from the largest reductions and allowing a settlement that is closely aligned to needs. Nine other single-purpose fire authorities are experiencing the same size percentage reduction as Cleveland. However, I want the hon. Gentleman clearly to understand that Cleveland has received the largest amount of grant per head among all fire and rescue authorities—£36 per head in 2011-12. I asked officials what would be a comparable authority in terms of size and complexity of risk. They suggested that Cheshire would be such an authority; it has many high-risk sites along the Mersey valley and is approximately of equivalent size. Cheshire's amount of grant per head is £18, half the amount per head allocated to fire and rescue services in Cleveland. I therefore hope the hon. Gentleman understands that the formula reflects factors such as deprivation, population density and the presence of high-risk sites. Thus, Cleveland receives greater funding because it has a large number of control of major accident hazards—or COMAH—sites, a low council tax base and problems of deprivation and unemployment, to which the hon. Gentleman drew attention. I want to take this opportunity to assure him that central Government are continuing their investment in Cleveland's fire and rescue services.

Nationally, capital grant funding for the fire service has increased from £45 million to £70 million in the coming year. That is in recognition of the need for fire and rescue authorities to maintain their investment in capital assets, and it provides the potential for making efficiency savings at a time when resource budgets are under greater pressure.

Mr Wright: I am grateful to the Minister for mentioning capital. My understanding is that Cleveland fire authority's private finance initiative bid has been rejected, with no suitable replacement being put in place. Will the Minister advise me on how the authority can best put itself forward for capital schemes, in order to provide efficiencies in the long run?

Andrew Stunell: I will do that shortly, if I may. First, let me put it on the record that in 2011-12 Cleveland will benefit from £1,012,000 in capital grant funding, which represents a funding increase of about 40% on the previous year. The capital allocation to Cleveland will be increased, therefore. We are currently considering a number of options for distributing future years capital funding, and we will consult on the best way to focus capital funding in order to drive efficiencies and reform, which I hope was the point the hon. Gentleman was making.

The hon. Gentleman rightly drew my attention to the private finance initiative. There is a North East Fire and Rescue Authorities—NEFRA—2 PFI project, of which Cleveland is the lead fire authority. That was a pipeline project for which funding has been discontinued. We recognise that there are concerns about that. The Department is working with the NEFRA 2 authorities to consider possible funding alternatives over the spending review period. A Department for Communities and Local Government finance committee will shortly meet to review the funding options for this project, and we hope to have a decision shortly.

The hon. Gentleman referred to a major incident in the Cleveland fire authority area and to the pressures it had put on resources. That is why there is a national resilience programme. I suspect the hon. Gentleman has more background knowledge of that than I have, and he will know that the Government currently make payments to Cleveland and other fire and rescue authorities in recognition of the costs additional to the cost of meeting their local responsibilities, in order to maintain their "new dimension" equipment and the use of the Firelink radio system. Next year, we will pay Cleveland a grant of just over £100,000 in respect of Firelink and some £69,000 in respect of "new dimension" equipment. We need to develop future funding arrangements to make sure national resilience is maintained, but in the meantime we will continue to fund the good work that is being done.

There are a number of major risks within Cleveland and, as with all fire and rescue authorities, Cleveland can rely on the availability of national resilience assets in planning and responding to a significant incident in its area. The hon. Gentleman did not specifically mention the fire control project, but Cleveland is the lead authority on that, and I want to assure him that the Department is open for consultation responses until 8 April this year. I am sure that Cleveland, as the lead authority, will be working with partners to come forward with proposals for alternatives, now that the fire control project has ended.

The way in which the resources available to Cleveland are used is a local matter to be determined by individual authorities, and it is not appropriate for me to comment on them, but I shall discuss one aspect that the hon. Gentleman mentioned, which relates to fire safety. I understand that in the past five years Cleveland has had 16 fire deaths, with an average of three a year. Obviously that is three a year too many, but the level is low compared with the rest of England and I am sure that the good work that the fire and rescue service has been doing has been a major contributor to that. When it decides its spending pattern over the next two years and during the comprehensive spending review period, I hope that it will very much have in mind the fact that its good work through the Fire Kills campaign and other programmes provides both it and the Government with value for money. I hope that it will continue to prioritise that work.

It has been suggested to me that I need not take as long in responding to this debate as I did on the earlier one, so I shall conclude by saying that although I

[Andrew Stunell]

cannot speculate on funding beyond 2012-13 for Cleveland or for anywhere else, it is clear that the fire and rescue service will be required to deliver increased efficiency and reform. It will be for individual fire and rescue authorities to plan and decide how to do that.

I wish to assure the hon. Gentleman that the coalition Government remain completely committed to ensuring that our vital public services are properly funded and properly run, and that they deliver a safe environment for all our citizens.

Question put and agreed to.

2.56 pm

House adjourned.

House of Commons

Monday 14 February 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

State Pension Age (Women)

1. **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): What assessment he has made of the likely effects of the proposed change in the state pension age for women. [39800]

The Minister of State, Department for Work and Pensions (Steve Webb): We published a full equality impact assessment as part of the White Paper on our proposals to bring forward the increase of the state pension age to 66, which sets out the effect on women of those changes.

Tom Blenkinsop: The coalition agreement states that the parties agree to

"hold a review to set the date at which the state pension age starts to rise to 66, although it will not be sooner than 2016 for men and 2020 for women."

Will the Minister explain why he saw fit to U-turn on that promise and to start to increase the women's state pension age to 66 from 2018?

Steve Webb: If the hon. Gentleman looks at the process of raising the state pension age to 66, he will find that early in 2020, the age will still be 65 and some months. It will not start to rise to 66 until April of that year.

Mr James Gray (North Wiltshire) (Con): Although I welcome the equalisation of the pension ages, does the Minister agree that a small group of women born, like me, in the middle months of 1954—a vintage year—will be affected disproportionately by the way in which it is being phased in? Will he look again to see what can be done to help that group of women?

Steve Webb: My hon. Friend is right that of the 2.6 million women who are affected, 33,000 were born in the vintage months that he describes. That group will have to delay for up to two years before they receive their state pension. One reassurance I can offer is that those women—and indeed he, should he find himself in that situation—will be eligible to apply for jobseeker's allowance or employment and support allowance, so they will not be left destitute.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): The Turner commission recommended a 15-year lead-in for such changes. Those women who were born in 1954 will not benefit from that. Does the Minister think that fair?

Steve Webb: The hon. Lady raises the important point that notice periods are important. The challenge we faced was that the time scale for raising state pension ages that we inherited was staggeringly leisurely. The Conservative party manifesto and the coalition agreement made it clear that we would move faster. The state pension age for men was set at 65 a century ago—I think we need to move faster.

Andrea Leadsom (South Northamptonshire) (Con): A constituent of mine who has worked all her life and has saved for her own pension falls into the vintage year of 1954. She cannot bring herself to be on jobseeker's allowance at the end of a hard-working career. It seems a little harsh to suggest that as the only outcome.

Steve Webb: I am grateful to my hon. Friend. Jobseeker's allowance and employment and support allowance are available as safety nets, but I appreciate that that is not what many people will want. The vast majority of the women in this birth cohort are still working. In the world that we are going into, we anticipate that more people will work into their 60s—that is part of the change. Many of them will be able to support themselves, perhaps through a part-time job, to cover the gap in years.

Rachel Reeves (Leeds West) (Lab): The Minister's response is inadequate. The Government's coalition agreement is clear. Under the Government's plans, the state pension age will start to rise to 66 in 2018, not in 2020 as promised in the coalition agreement. Some 33,000 women, currently aged 56, will have to wait exactly two years longer to get their pension, with little time to prepare. The average retirement savings of those women will provide them with just £11 a week in retirement. They simply do not have the savings to draw on to accommodate these moving goalposts. Does the Minister honestly believe that these changes for women are fair and proportionate?

Steve Webb: I have common ground with the hon. Lady on two points. First, I deplore the fact that the pensions policies of the previous Government have left women in this group with so little pensions savings to draw on. Secondly, she is right that we could go more slowly. We could, as she has proposed, delay until 2020 before doing anything, but we would then have to find an additional £10 billion that the present schedule provides for us. I have not yet had the letter or parliamentary question from her suggesting where that £10 billion might come from.

Work Capability Assessment

2. **Mark Pawsey** (Rugby) (Con): What discussions he has had on changes to the work capability assessment for those with variable conditions. [39801]

The Minister of State, Department for Work and Pensions (Chris Grayling): We are, as the House knows, committed to improving the work capability assessment so that it is as fair and accurate as possible, including for people with variable conditions. It currently provides for variable conditions, but we are implementing all the recommendations of Professor Malcolm Harrington's independent review. I have asked Professor Harrington to take forward the next review, which will include a detailed look at how the assessment deals with fluctuating conditions, to see whether we can make further improvements.

Mark Pawsey: The Minister will be aware of the concerns of people who have conditions such as chronic fatigue syndrome, who have good days and bad days. They are anxious to ensure that they receive fair treatment through the work capability assessment, taking account of their ability to complete activities on a regular basis. Can the Minister provide an assurance that the variable nature of such conditions will be fully considered, and that the assessment will identify the appropriate level of support for individuals to enable those who can to get back into work?

Chris Grayling: I can absolutely give my hon. Friend that assurance. Indeed, I have asked Professor Harrington to work with people who specialise in ME as part of his review. I do not want us to write off everybody with a particular condition. It is important to identify who can potentially work and who cannot, and to provide them with the appropriate support. That is the goal of our policy and what we will seek to do, and I am mindful of the concerns that my hon. Friend raises.

Stephen Timms (East Ham) (Lab): The sharp increase in job losses forecast this morning by the Chartered Institute of Personnel and Development will make it harder still for people with health conditions to find jobs. Last week, the Minister tabled regulations that modify the mental health descriptors in the work capability assessment, but at the same time, following his acceptance of Professor Harrington's recommendations, to which he has referred, an alternative set of descriptors is being drafted by Mind, Mencap and others. Should he not wait until he has received their advice before he makes changes?

Chris Grayling: As the right hon. Gentleman knows, we ourselves had one review carried out last year by Professor Harrington, and we also inherited a set of recommendations from an internal review carried out by the previous Government. I considered carefully the recommendations left to us by the right hon. Gentleman and his party, and the internal review recommended changes that would increase the number of people with mental health problems who go into the support group and receive unconditional support. His party was right to make that recommendation, and I am pleased to accept it, but we will take all further steps necessary to ensure that people with mental health problems are treated fairly and properly by the system.

Universal Credit

3. **Bob Blackman** (Harrow East) (Con): What assessment he has made of the likely effect of the introduction of universal credit on the level of the couple penalty. [39802]

6. **Mr Stewart Jackson** (Peterborough) (Con): What assessment he has made of the likely effect of the introduction of universal credit on the level of the couple penalty. [39808]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): The couple penalty is often slightly misunderstood. It is normally created when a higher benefit rate for single people means that couples are materially disadvantaged by living together. It is generally recognised internationally that a saving is made when two people live together, and the figure given by the OECD and others is about 75% at most. In the UK, under the benefit system left by the last Government, workless couples received only 60% of the benefits received by two single workless people, which I believe put us in the bottom four OECD countries. Simultaneously, the proportion of people forming couples is at its lowest at all income levels, about 15% down against other countries. The Institute for Fiscal Studies recognises that the universal credit will start to make inroads into that problem.

Bob Blackman: I thank my right hon. Friend. Does he agree that it cannot be correct that two people who choose to live together as a couple should be penalised by £30 a week in benefits? Surely it is better for people to stay together as a family and be able to care for their family together.

Mr Duncan Smith: From the figures that I have just given and those that we have looked at, there is no question but that the disparity between where the last Government left us and where it is generally accepted that couples should be is the real cause of the problem that is making people live apart, particularly those on lower incomes. I draw attention to the right hon. Member for Birkenhead (Mr Field) and his interesting "Panorama" programme. He is to be congratulated on his work in this area, and he has made the very good point that it is madness that the system drives people apart rather than keeping them together.

Mr Stewart Jackson: There is a welcome across the House for the universal credit, not least because of the impact it will have on low-paid couples in my constituency and across the country. Will my right hon. Friend, on this particular day, reaffirm his commitment to supporting and advocating fiscal incentives for the institution of marriage?

Mr Duncan Smith: My hon. Friend knows very well that the issue of fiscal incentives is one for the Chancellor, and I will certainly pass his comments on to the Chancellor and the Prime Minister. When it comes to the benefits system, Members of all parties should recognise the invidious position that even though we know children and elderly people do better where families with two parents work together for them, the system is driving couples apart. That surely cannot be right, and I hope that the matter will unite Members on both sides of the House, as I am sure the right hon. Member for Birkenhead does.

Mr Frank Field (Birkenhead) (Lab): Does the Secretary of State accept that perhaps the most significant social security reform that he could introduce, if we are concerned

with the safe nurturing of children, would be the elimination of the penalty against couples?

Mr Duncan Smith: I agree that that is an objective that we want to work towards. Clearly, any such change has financial implications, as the right hon. Gentleman knows. As I said, the good thing about universal credit is that it starts the process of eradicating the couple penalty, particularly for people on low incomes. I pay tribute to him, because he has gone on about this for longer than anybody else—perhaps everybody is now listening. He is absolutely right that we must surely not force couples apart, but help them to stay together.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Does the Minister accept the findings from the Institute for Fiscal Studies that the incentives for lone parents to work more than 16 hours per week will be reduced under the universal credit?

Mr Duncan Smith: I welcome the IFS report, which was a fair one. The IFS was positive about the universal credit—most of all, it said that the universal credit is a progressive measure, because it helps the people who are worst off, many of whom, of course, are lone parents. The answer to the hon. Lady is that, yes, some further up the income scale will see a slight change in their marginal deduction rates, but those down in the lower deciles will see a net benefit to their take-home pay.

Mr Speaker: Michael Connarty? Not here.

Older People (Employment Support)

5. **Grahame M. Morris** (Easington) (Lab): What support he plans to provide to help older people remain in or return to work. [39806]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): People are living longer, healthier lives, which is good news. The state pension age, as the hon. Gentleman has heard, is set to increase over the coming years. I believe that older workers bring a wealth of talent and enterprise, which we should welcome. From April, jobcentres will have more flexibility to help older people, but the key thing is that in getting rid of the default retirement age, we will strike a blow for older people, which should be welcomed.

Grahame M. Morris: Notwithstanding the excellent work carried out by organisations such as the Shaw Trust in my constituency, which helps people with disabilities into the labour market, the Office for National Statistics has found that the number of retired people aged under 65 increased by 39,000 between September and November on the previous quarter. Does the Secretary of State share the concerns of Ros Altmann, the director-general of the Saga group, who said that the Government risk consigning older people to unemployment benefit by increasing the retirement age in such a tough jobs market?

Mr Duncan Smith: I believe not that Ros Altmann is materially wrong, but that the jobs market will improve. That improvement will create greater incentives for people. People have a tendency to think that it is a simple fact that older people entering the work force somehow take jobs away from younger people, but there is no evidence internationally that that happens. The reality, in fact, is that older people staying in the work force increases work flexibility and improves the number of jobs that are available, and helps younger people. The Government have done a lot for pensioners, and we will do more, but ending the default retirement age is about giving older people the right to work for longer, and the responsibility to employers to deal with them as human beings and not just figures on a piece of paper.

Mark Lancaster (Milton Keynes North) (Con): As part of a back-to-work programme provided by A4e, one of my constituents, who was a senior building site manager, was asked to add £1 to £4.75, which he did not feel was particularly constructive in helping him to get back to work. When will we move away from that one-size-fits-all back-to-work programme?

Mr Duncan Smith: My right hon. Friend the Minister of State is doing that just now. The Work programme will be tailored to people's needs and not implemented flatly. If people have a problem, the programme will deal with them. Jobcentres will be given more flexibility to ensure that they match employment to the person as necessary. My hon. Friend should therefore welcome the changes that we are making.

Pensioner Poverty

7. **John Howell** (Henley) (Con): What steps he is taking to reduce levels of pensioner poverty. [39809]

The Minister of State, Department for Work and Pensions (Steve Webb): We have restored the earnings link for the basic state pension and given a triple guarantee that the basic state pension will increase by the highest of earnings, prices or 2.5%. We are also protecting key benefits for older people and working to ensure that older people receive the help to which they are entitled.

John Howell: My hon. Friend may recall the "Tackling Pensioner Poverty" report produced by the Select Committee on Work and Pensions in the previous Parliament. The Committee was concerned that many pensioners who are entitled to pension credit are simply not claiming it. What measures are the Government taking to ensure that support reaches those who need it most?

Steve Webb: One thing we are considering is whether the data we hold about people can be used better. We are therefore undertaking a modest research study, drawing on data that my Department and Her Majesty's Revenue and Customs hold to see whether we can identify people who look as if they ought to be getting pension credit but who are not doing so. We will then make automatic payments to them, and test how that works over a pilot period, on which we will report in the summer.

Emma Reynolds (Wolverhampton North East) (Lab): Rumour has it that the Minister believes that introducing a universal pension will be a solution to many of the problems in the pension system. If that is the case, why

has he not published the Green Paper we were promised in December? Is it because he is facing some resistance from the Treasury?

Steve Webb: I am grateful to the hon. Lady for raising that point. I can do no more than quote my right hon. Friend the Chancellor, who told the House in November:

"The Treasury is working with the Department for Work and Pensions on potential pension reform that could simplify pensions and provide a boost to pensioners for many years to come."—[*Official Report*, 16 November 2010, Vol. 518, c. 726.]

How right he was.

Apprentices

8. **Kevin Brennan** (Cardiff West) (Lab): What steps he is taking to increase the number of apprentices employed by his Department. [39810]

The Minister of State, Department for Work and Pensions (Chris Grayling): The Department continues to be actively supportive of the apprenticeship programme and believes that it represents excellent value for taxpayers' money and helps people progress in their career. There are 316 people currently working towards the qualification in the Department. Last year, we adapted our recruitment processes to target young unemployed people without work experience and created 23 apprenticeships in our corporate IT directorate.

Kevin Brennan: The Minister will be aware of the great work done by the last Government, which led to that programme of bringing young apprentices in, and rescued apprenticeships from withering on the vine. Will he commit the Department to carrying on the work that I undertook as apprenticeships Minister, along with people such as Lord Knight of Weymouth—as he is now—to ensure that young people, and not just those in work, are recruited to the Department and given apprenticeship opportunities?

Chris Grayling: I very much agree with the hon. Gentleman. One of the sad things about the previous Administration was that they never actually supported the number of apprenticeships that they announced. We intend to make a difference and to deliver more apprenticeships—we have announced an extra 50,000 already this year. I can give a clear commitment that the Department will continue to support the apprenticeship programme, both practically and through our relationship with the Department for Business, Innovation and Skills.

Laura Sandys (South Thanet) (Con): I have been written to by a 16-year-old who has done the right thing by taking an apprenticeship, but having done so, she has found that her family's benefits have been reduced by £90 a week. Will the universal credit address such discrepancies and this discrimination against those who want to work and take up apprenticeships?

Chris Grayling: My hon. Friend highlights the chaos that we inherited in the benefits system that can lead to perverse incentives that often mean that work does not pay. The universal credit is designed to ensure that work always pays. I would be interested to meet my hon. Friend to talk about her constituent's case, so that I may understand more clearly what has gone wrong, but we are clear that work must always pay.

Mr Liam Byrne (Birmingham, Hodge Hill) (Lab): The recession has now been over for a year. Unemployment should now be falling, and the whole House is worried that it is in fact rising, especially among young people. One of the ways in which we tackled that was with the "Backing Young Britain" campaign, which created thousands of job opportunities for young people, including apprenticeships and internships. One of those schemes was a paid internship in the private offices of every Minister in the Department. Is that scheme still in place?

Chris Grayling: As I have said, we already have 300 apprenticeships throughout the Department and we intend to continue to deliver that support to apprentices. We inherited from the previous Government a collection of programmes that simply were not working. The future jobs fund, for example, cost twice as much as apprenticeships. We believe that expanding the number of apprenticeships—50,000 extra this year and 75,000 extra by the end of the Parliament, plus additional apprenticeships for 16 to 18-year-olds—will move us to the place we should be, and out of the mess that we inherited from the previous Government.

Mr Byrne: I am grateful for that answer and I will try to decipher it later.

I was interested to hear the Minister talk about how he is now using the Department's resources wisely. At some point, he will no doubt tell us why in December his Department spent more on stationery than it did on employment zones or access to work programmes. I wonder whether that is part of an innovative new approach that includes getting more people into study by cutting education maintenance allowances and getting more young people into work by cutting the future jobs fund. I see now that the Conservative party is piloting new ways of helping young people get into internships, by auctioning them for £5,000 a time to Tory party donors. Did the right hon. Gentleman choke on his pudding when the auctioneer's hammer came down, and when will this worthwhile scheme go nationwide?

Chris Grayling: I will not take any lessons on spending from a previous Administration who spent money like there was no tomorrow. We were shocked to discover how the Department for Work and Pensions under the previous Administration spent money as if there were no limits. This Administration have removed the absurd restrictions on work experience that meant that young people lost their benefits if they did more than two weeks' work experience. We have changed that and are actively finding experience opportunities for young people, not standing in their way and preventing them from accessing those opportunities.

Universal Credit

9. **David Rutley** (Macclesfield) (Con): What assessment he has made of the likely effect of universal credit on incentives to work. [39811]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): The objective of the universal credit is that work should definitely pay for the majority of people—as many as possible—but certainly it should pay most significantly at the highest levels for those on the lowest incomes.

David Rutley: The vast majority of people on benefits do not want to stay there for the rest of their lives. Will my right hon. Friend confirm that the universal credit, with support from the Work programme, will help people in Macclesfield to get back to work, and ensure that it pays for them to go on working?

Mr Duncan Smith: Absolutely. The interaction between the universal credit and the Work programme is critical. In a sense, one without the other will not work as effectively. The purpose of the universal credit is to ensure that entering the world of work becomes much easier, because people will retain more of their own money: we will be lowering marginal deduction rates. In some cases, on average, those in the bottom two deciles will see an increase in their weekly pay of about £25 a week after they enter work—a significant increase. The Work programme, which my right hon. Friend the Minister of State was talking about, will help with those who are more difficult to place. For the first time, they will get a tailored programme that helps them to deal with their problems, and gets them into work and maintains them there for up to a year, and in some cases more.

Ms Karen Buck (Westminster North) (Lab): Will the Secretary of State confirm that the Government intend to save £1.3 billion between now and 2015 by reducing the child care element of the tax credit? Will the universal credit be sufficiently resourced to ensure that no working parent out of the 488,000 households that stand to lose anything up to £30 a week will be any worse off than at present?

Mr Duncan Smith: We are returning the levels on the child issue that the hon. Lady is talking about to the levels left by the previous Government in 2006. It is all very well for the Opposition to nit-pick and say that they are desperately in tune and on side with all those people who are going to feel the squeeze, but in reality the Labour party now has a leader who was responsible, with his colleagues, for spending money like there was no tomorrow. That has left us with a major deficit, and now we have to get that money back. If she does not like what we are doing, please can she tell us where she would intend the money to come from?

Disability Living Allowance

10. **Pamela Nash (Airdrie and Shotts) (Lab):** What recent discussions his Department has had with disability organisations on the removal of the mobility component of disability living allowance from those in residential care homes. [39812]

12. **Stephen Twigg (Liverpool, West Derby) (Lab/Co-op):** What recent discussions his Department has had with disability organisations on the removal of the mobility component of disability living allowance from those in residential care homes. [39814]

13. **Sheila Gilmore (Edinburgh East) (Lab):** What recent discussions his Department has had with disability organisations on the removal of the mobility component of disability living allowance from those in residential care homes. [39815]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): My officials and I have discussed the proposals with regard to the mobility component of disability living allowance with a wide range of disability organisations, and disabled individuals and their families. This has included visiting and discussing the proposals with care home residents. These discussions have taken place in the context of the wider public consultation on DLA reform that is currently under way.

Pamela Nash: I thank the Minister for her answer, although I do not think that it will do much to allay my constituents' fears about the impact on them of the DLA cuts. I am happy that she mentioned that the Government have been in discussion with disabilities charities. More specifically, however, what discussions has she had with those charities about families with children in residential care homes and the impact on them? Those families will no longer be able to take their children out at weekends and in school holidays.

Maria Miller: So that we are clear, I should say that the Government are talking about retaining spending on DLA at the same level as last year—that is after a 30% increase in expenditure over the past eight years under the Labour Government. With regard to the implications for children living in residential care settings, we are obviously looking at the details, but I can assure the hon. Lady that the intention behind the policy is very much about removing overlaps, not mobility, in the provision.

Stephen Twigg: Two blind people came to my advice surgery on Saturday who were very concerned about the impact of this proposed change on their independence. Have the Government made an estimate of the number of blind or visually impaired people who will be affected by this change?

Maria Miller: I am sure that the hon. Gentleman is aware that, given the way that disability living allowance works currently—and certainly given the way that we are looking to take it forward—we are assessing the barriers that people with a disability face, not the condition itself. Obviously, people who are blind or partially sighted face a range of barriers, but they might also have multiple conditions. That is why it is important to look at all those conditions and why, in putting forward for the first time an objective assessment for DLA or its successor benefit, we will be able to ensure that people really get the support that they need.

Sheila Gilmore: Will the Minister not agree to put the proposal on hold until she has carried out a thorough study of the viability of having local authorities step into the breach; or it is only proposals concerning trees that this Government put on hold, not proposals affecting vulnerable people?

Maria Miller: I can absolutely assure the hon. Lady that we are looking in great detail at the impact of all our DLA measures. I have been to talk to residents in care homes and their family members, and what I found was an array of ways in which disability living allowance is used. All hon. Members will want to ensure that the most vulnerable members of our society are left not with a benefits system that was designed for people living in family home settings, but with one designed for how people are living now and for their mobility needs.

Mr David Ward (Bradford East) (LD): Many disabled people in residential care use the mobility component of DLA to ensure that they remain part of their local and wider communities. It was quite disappointing to hear a comparison drawn recently between those in residential care and those in hospital, many of whom are totally immobile, albeit for only a short period. Does the Minister agree that that was an unrealistic comparison, and can she say what assessment has been made of the mobility requirements of disabled people in residential care as compared with the requirements of those in hospital?

Maria Miller: My hon. Friend is absolutely right: people living in care homes have distinct mobility needs, and having gone out and spoken to residents, I have seen that at first hand. We need to ensure that we have a system that really meets those needs, and is not simply a sticking plaster for lots of other issues that may be forthcoming in the care homes sector. As with so many aspects of DLA, we are dealing with a benefit that is rooted in the past, not in the way people think about disability issues today. I hope that I can work with him on any examples from his constituency of how we can make it work better.

Mr David Evennett (Bexleyheath and Crayford) (Con): Will my hon. Friend confirm that fairness and reasonableness will be the main considerations when she finalises her reform proposals?

Maria Miller: My hon. Friend will know from all the work that we have done and the consultation paper that we have put out that we want disability living allowance to continue to support disabled people to get into work and overcome the barriers that they face in their lives, and to ensure that the system works for today, not for 18 years ago, when it was first put in place.

Duncan Hames (Chippenham) (LD): I sincerely hope that the Minister has been in listening mode during her consultation on the proposals. Constituents of mine have told me that car manufacturers offer discounts to the disabled, who use their DLA mobility component qualification to demonstrate their eligibility for these discounts. What consultation has she had with the industry to ensure that under her proposals, those in care homes do not find themselves having to pay more than the rest?

Maria Miller: I know that independent travel can be an important way for care home residents to achieve their objective of living more independently. We need to challenge the way that disability living allowance supports that at the moment, which could well include talking to motor manufacturers.

Margaret Curran (Glasgow East) (Lab): Will the Minister specifically address the comparison with hospitals, which was quite wrong and has been described by the Disability Alliance as "offensive"? The cut would produce a saving equivalent to less than one sixth of the bankers' bonuses about to be handed out at RBS. Will she think again about this cut, or do we have another lady who's not for turning?

Maria Miller: I thank the hon. Lady for her question—I think. I would reiterate the point that I made earlier, which is that the changes to disability living allowance finances that we are talking about would mean keeping expenditure the same as it was last year, after eight years of a 30% increase. Overall, she has to keep that in mind. What we will do is ensure that we remove any expenditure overlaps, as she would expect us to do, and as I had hoped the previous Government would do.

New Enterprise Allowance

14. **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): How many new businesses he expects to be created as a result of the new enterprise allowance in the first 12 months of its operation. [39816]

The Minister of State, Department for Work and Pensions (Chris Grayling): Over the first two years of its operation, the new enterprise allowance is due to support the start of around 40,000 new businesses. In its second year, we expect the majority of those start-ups to take place in the first few months, when the new enterprise allowance is being rolled out in those parts of the country that are particularly affected by unemployment.

Stephen Metcalfe: The best way to deal with unemployment in my constituency is to build businesses, and I therefore welcome the introduction of the new enterprise allowance. Will my right hon. Friend confirm that the allowance will provide unemployed people with mentoring, as well as financial support, to enable them to start their own businesses?

Chris Grayling: I can indeed confirm that. What makes the new enterprise allowance different from all its predecessor schemes is that it will offer people who are seeking to start new businesses specialist support from people who have been there and experienced enterprise. We want to see voluntary sector groups that already offer mentoring become part of the scheme, and we want experienced business people to come forward and become mentors, perhaps through their chambers of commerce. This could make a huge difference to getting people off benefits and into self-employment.

Jobcentres/Voluntary Organisations (Collaboration)

15. **Julian Smith** (Skipton and Ripon) (Con): What plans he has for collaboration between jobcentres and voluntary organisations. [39817]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): We were pleased last week to announce the new partnership between Jobcentre Plus and the voluntary sector generally, which will help people to get back to work. Prince's Trust advisers and other local voluntary organisations will start to have a desk that

they man in jobcentres in the next few weeks, and that provision should be available pretty much around the country in April. This will be enormously helpful in tying the voluntary sector in to some of the most difficult people.

Julian Smith: Does the Secretary of State agree that voluntary groups can help jobcentres to help jobseekers? The Skipton and Ripon Enterprise Group, a group of leading business men in my constituency, is keen to help mentor jobseekers now. What advice can my right hon. Friend give to its members?

Mr Duncan Smith: First, what we are doing will really open the door to the voluntary sector's engagement in the whole process. As my hon. Friend knows, the Work programme that the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling) has been working on has the voluntary sector embedded at the heart of how it will deliver its work. The desks in jobcentres that will be manned by representatives of the Prince's Trust should open up the door to such people being able to see jobseekers as they come in. My hon. Friend should advise people to look at using provisions such as the enterprise allowance and, if necessary, to come and see my right hon. Friend the Minister about any other advice they need.

Ian Paisley (North Antrim) (DUP): While the benefit system is undergoing change and reform, what plans does the Secretary of State have to change the delivery mechanism for benefits? Will he ensure that it remains customer focused, local and accessible?

Mr Duncan Smith: At the moment, the vast majority of people—about 98%, I think—receive their benefit payments directly into their bank accounts. There is a small number of people who are still, for various reasons, in receipt of cash payments. A proposal was left to us by the previous Government on how all this can be delivered in the next few years, but we have not made a final decision on it yet. We will announce our decision very shortly.

Robert Halfon (Harlow) (Con): I am grateful to the Government for allowing a pilot scheme for local jobcentres to give out food bank vouchers from the food bank charities. Will my right hon. Friend ensure that the scheme that emerges is as simple and unbureaucratic as possible, so that the jobcentres in Harlow can receive food bank vouchers as soon as possible?

Mr Duncan Smith: I would not dare do otherwise, with my hon. Friend breathing down my neck on this one. It is due to his hard efforts and pressure that we have made this particular change, and I think that it is for the good. Of course, it is important that it does not become a substitute for anything else, but it will certainly be there if people feel that they need that extra assistance, and there is no reason why we should not do it.

Gloria De Piero (Ashfield) (Lab): Has the Secretary of State made any representations to his colleagues about the proposed closures of voluntary organisations that support and train people to return to work, such as the Diamond centre in my constituency?

Mr Duncan Smith: We constantly discuss, in Cabinet and other forums, the idea of what we are doing with the voluntary sector and how we can best help and support it. We are putting a lot of money behind the voluntary sector right now, and the Work programme will make a significant amount of money available to the sector through back-to-work programmes. Of course there are difficulties in the sector, as some local councils choose to start with voluntary organisations when they make their reductions. Personally, I often wonder whether local councils too often see the voluntary sector as an add-on, rather than as an incredibly effective and integral way of delivering good services, and I hope that they will think again about some of those changes.

Minimum Wage

16. **Mr Christopher Chope** (Christchurch) (Con): What account his Department takes of the effects of the level of the minimum wage in its business planning processes. [39818]

The Minister of State, Department for Work and Pensions (Chris Grayling): Departmental business planning processes take account of the minimum wage in the potential effect on the future pay bill and in departmental contracts. For some years, the Department for Work and Pensions has targeted pay awards towards our lower paid staff, and the lowest level of pay for directly employed DWP staff is currently £7.27 an hour compared with the 2010 national minimum wage of £5.93 an hour.

Mr Chope: Does my right hon. Friend agree that one way of making the big society even bigger would be to give freedom to individuals to take employment with charities at below the minimum wage?

Chris Grayling: I have to say that I do not share my hon. Friend's view. What I would say to employers up and down the country is that I hope they will take advantage of the increased numbers of apprenticeships that are paid at special apprenticeship rates in order to allow people to develop the skills they need to build future careers.

Mr David Hanson (Delyn) (Lab): Will the Minister assure the House that during internal Government discussions he will support the minimum wage that the Labour Government introduced and make sure that for each year over the next four years it rises by at least the level of inflation?

Chris Grayling: As the right hon. Gentleman knows, Conservative Members have supported the national minimum wage for many years—and will continue to do so.

Housing Benefit Reforms

17. **Stella Creasy** (Walthamstow) (Lab/Co-op): What recent representations he has received on his proposed review of housing benefit reforms. [39819]

The Minister of State, Department for Work and Pensions (Steve Webb): We have had, and have responded to, many representations on the review of the housing benefit reforms. Most recently, my noble Friend Lord

Freud met with Lord Best to discuss the review and our intention to commission a team of independent, external researchers to undertake the task.

Stella Creasy: The Secretary of State will be well aware of the severe and long-term shortages of housing currently faced in Waltham Forest, as in many London boroughs. Given that there are 1,500 people aged 26 to 35 currently in receipt of housing benefit in Waltham Forest, where does he think they will be living next year if his plans to change the shared room rate go through?

Steve Webb: One consequence of the reforms to housing benefit will be that the local housing market will change. We anticipate, for example, that some of the larger properties might find themselves converted into houses in multiple occupation, although we do not know exactly what will happen. One problem is that over many years we have seen inadequate house building taking place under the hon. Lady's Government.

Matthew Hancock (West Suffolk) (Con): In the Public Accounts Committee, we heard from civil servants about the impact of housing benefit and other benefits that make for an extremely complex and complicated benefit system. We have also heard about the enthusiasm for having a universal benefit as a way of cutting through that. Talking of representations, would not these changes have been easier had we not had representations on where the money was left?

Steve Webb: My hon. Friend is quite right that Labour Members' answer to most questions is "More money," but when we asked where the money had gone, we were told that there was none. Housing benefit is probably one of the most complicated benefits in the system; it is at the end of the line when everything else has been worked out. The sooner we can integrate it into universal credit, the better.

Hywel Williams (Arfon) (PC): On Friday, I met a group of residents at a hostel run by the North Wales Housing Association. Those people have very little prospect of employment in an area of such high unemployment, yet they might face a reduction in their benefits. Does the Minister accept that that sort of cut might threaten the viability of hostels such as the Pendinas hostel that I visited on Friday?

Steve Webb: The budget for discretionary housing payments across the country will be trebled over the coming years, so that additional funding will be available for particular difficult cases. One thing we want to do is enable people to get back to work, where jobs are available, and the universal credit process will increase the financial return and people who take low-paid jobs will have a greater ability to afford somewhere to rent.

Work Programme

18. **Dame Anne Begg** (Aberdeen South) (Lab): If he will put in place provisions to ensure that the expertise of small employment providers is retained in the transition from existing employment programmes to the Work programme. [39820]

The Minister of State, Department for Work and Pensions (Chris Grayling): I am pleased to inform the House of two things. First, the Work programme bidding process closed this morning, and we have had a substantial number of bids, which is very encouraging. It looks as if the Work programme is going to go ahead according to plan, which is good news. I would also say to the hon. Lady that, shortly before the start of these parliamentary questions, I placed a written statement before the House, giving details of an extension to the welfare-to-work contracts under existing programmes through to next June. I have also written to the hon. Lady and her Committee, setting out the details of those changes. We believe that we have now put in place all the mechanisms needed to ensure a smooth transition through to the start of the Work programme, which remains very much on track.

Dame Anne Begg: I am glad to hear that my letter has had some effect, but will the Minister confirm that the contractors who are currently delivering Pathways to Work and whose contracts are due to expire at the end of March will not have to issue redundancy notices to their staff in the next couple of weeks, because they will be able to continue until they know whether they will be part of the Work programme?

Chris Grayling: Transitional arrangements will involve the existing providers in all programmes except Pathways to Work. In that instance, we are setting up an interim support programme which will be more substantial than such programmes have been in the past. As the hon. Lady will know, Pathways to Work was severely criticised by the Public Accounts Committee. Our interim arrangements will cover those who would otherwise have received support through Pathways.

Mr Speaker: I call Mr Douglas Carswell. He is not here, so I call Mrs Mary Glindon.

Youth Unemployment

20. **Mrs Mary Glindon** (North Tyneside) (Lab): What plans he has to tackle recent trends in youth unemployment. [39822]

The Minister of State, Department for Work and Pensions (Chris Grayling): Over the past few months there has been a fall in the number of young people claiming jobseeker's allowance. However, we remain extremely concerned about youth unemployment. We are introducing measures through the Work programme and our work experience plans, and other measures through Jobcentre Plus, in order to provide the best possible support for young people who are struggling to find employment.

Mrs Glindon: Nearly 25,000 18 to 24-year-olds are claiming jobseeker's allowance in the north-east, and young people account for more than 30% of the unemployed population in the region. Can the Minister assure me that there will be enough funds in the Work programme to guarantee that those young people will be helped into employment?

Chris Grayling: I share the hon. Lady's concern. The fact that 600,000 people who left school and college under the last Administration have yet to find work is a huge problem that we must address. We are providing specialist back-to-work support through the Work programme, earlier than has been the case under previous programmes, and after three months for some young people with the most challenged backgrounds. I can assure the hon. Lady that that will remain a priority for the present Administration.

Topical Questions

T1. [39825] **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): As I did not do so earlier, let me now welcome my shadow, the right hon. Member for Birmingham, Hodge Hill (Mr Byrne), to his post. I hope that we shall have engagements in the future, and I am sure that he will adopt a positive approach to measures that he believes will benefit the estate.

Mr Liam Byrne (Birmingham, Hodge Hill) (Lab): There will not be a hair of difference between us.

Mr Duncan Smith: Indeed. I am glad to see that the right hon. Gentleman models himself very much on me, which is also very helpful.

I have had meetings today, and I have more meetings to come. I should also mention that we are getting rid of the default retirement age, which we consider to be a positive move overall for older people which should also help to boost the economy.

Stephen Metcalfe: What advice or consideration has been given to small and medium-sized enterprises on how they should handle the removal of the statutory retirement age, and what advice can the Secretary of State give businesses on managing employees with physically demanding jobs?

Mr Duncan Smith: The default retirement age is unlikely to have been used by many small and medium-sized enterprises; it tended to be used by larger businesses. Once it has been removed, employers should be able to dismiss staff, while obviously using the ordinary fair dismissal rules under the Employment Rights Act 1996. When employers can demonstrate that a retirement age is objectively justified, they can make a case for setting one. The key point, however, is that many large and many small companies have never used the default retirement age. They will argue that working with employees to secure a proper programme as they head towards their general retirement age is a positive move, and that employees should not be left lying there until the employer has to get rid of them.

T4. [39828] **Mr David Hanson** (Delyn) (Lab): I recognise that the Secretary of State has made representations about the £1.5 million of bonuses paid to Remploy directors this year. Let me also say, before he mentions it, that that payment was originally agreed under the last Government. However, does he think it insensitive of directors to take £1.5 million in bonuses when in my part of the United Kingdom some 540 staff are potentially at risk of redundancy?

Mr Duncan Smith: The honest truth is that I do not think it a good idea for people to do that in the present climate. There is currently a public sector pay freeze, we are imposing limits on bonuses, and I am asking staff in one of the lower-paid areas of Government to forgo some of their future pay rises. My simple answer to the right hon. Gentleman is this: I wish that those who are thinking about acting in that way would think again, and I also wish that I had not been left in such an invidious position by the last Government.

T2. [39826] **Stephen Mosley** (City of Chester) (Con): Opposition Members have spent the past 50 minutes calling, in almost every question, for more Government spending, yet just nine months ago we famously heard the shadow Secretary of State say that there was no money left. Given the shadow Secretary of State's willingness to offer honest advice, might my right hon. Friend reciprocate the favour and offer his own advice to his new opposite number?

Mr Duncan Smith: Given my political career, I have given up giving advice to anybody, so the best thing the shadow Secretary of State can do is forge his own way and I will look to see how I can dismantle that.

T5. [39829] **Pamela Nash** (Airdrie and Shotts) (Lab): On Friday, I visited the Reeltime youth and music group in my constituency, where I met three young men who had got their jobs through the future jobs fund. They feel that the FJF is a great success for them, and so did the group. The Scottish Labour party agrees, and has today announced that it will create 10,000 places if it wins in May. Will the Government reconsider scrapping the FJF, or do they still believe youth unemployment is a price worth paying?

The Minister of State, Department for Work and Pensions (Chris Grayling): I sometimes think Opposition Members simply do not listen. First, as we have just heard, the Labour party left behind for us the most monumental financial mess, so there are not large amounts of money in the kitty to pay for the best support we could possibly deliver or all the things that we would like to do. The reality is that we have chosen to divert the money that we have into paying for apprenticeships. We have announced tens of thousands of extra apprenticeships, as we believe that they are a much better way of delivering support to young people. There are huge numbers of opportunities for young people to take advantage of an apprenticeship and build a proper career, and there will be more and more such opportunities as the spending review goes by.

T6. [39830] **Caroline Dinenage** (Gosport) (Con): It concerns me when I meet constituents who have given away quite sizeable chunks of money to their children just as they approach retirement in the hope that the Government will then support them through their retirement. What steps are the Government taking to encourage people to save more for their retirement?

The Minister of State, Department for Work and Pensions (Steve Webb): We are pressing ahead in the Pensions Bill with measures to make the process of automatically enrolling people into workplace pensions a reality, so from 2012 over a four or five year period, getting on for 10 million people will be enrolled into workplace pensions for the first time with an employer contribution. We believe that that will transform the savings landscape, and we need to make sure it pays to save.

T9. [39833] **Yvonne Fovargue** (Makerfield) (Lab): Recently, a constituent contacted me regarding his Atos Healthcare assessment. Three specialists had considered him to be unfit for work, yet it was suggested that he could be a bingo caller or a car park attendant. My local citizens advice bureau has identified many such cases which are resolved in favour of the claimant after an expensive review or appeal. Are there any plans to review Atos Healthcare's delivery of medical assessments?

Chris Grayling: As the hon. Lady will know, soon after taking office we commissioned Professor Harrington to conduct a full review of the work capability assessment and the process around it. He has recommended a number of changes, which we are implementing as quickly as possible. I stand by the view that the assessment is the right way of helping people who have got the potential to get back into work. It is much better for those who can be in work to be so, rather than sitting at home on benefits, but we obviously have to make sure that the process is fair, just and proper and that we get the most accurate results possible.

T7. [39831] **Priti Patel** (Witham) (Con): Given the news that there are more than 150,000 illegal immigrants claiming sickness benefits and maternity pay and that Europe is now threatening legal action under human rights legislation against this Government for planning to restrict those benefits, can Ministers give a clear assurance that the Government will stand up against Europe on this matter?

Chris Grayling: I can give my hon. Friend an absolute assurance on that. It is clearly absurd that illegal immigrants can access our benefits system. It is another example of the chaos we inherited from the previous Administration. I am the person who represents the Department for Work and Pensions and the Government in the European Employment Council, and my hon. Friend has my absolute assurance that I am fighting our corner to maintain the integrity of our welfare system, and will continue to do so.

T10. [39834] **Jack Dromey** (Birmingham, Erdington) (Lab): Some 21% of the young people in Erdington are unemployed, the Connexions office in Erdington high street has closed, projects funded by the working neighbourhoods fund and the future jobs fund now face closure, and 13 advice centres also face closure as a consequence of council cuts. There is therefore increasing despair among young people. Some years ago, the Secretary of State made a journey to a housing estate in Glasgow. Will he agree to receive a delegation of the young unemployed from Erdington, so that he can hear from them first hand just how mistaken his Government's policies are?

Mr Duncan Smith: Of course I will be happy to receive any delegation that the hon. Gentleman wishes to bring forward. The Government are absolutely clear about their determination to help get young people back to work. When he made his statement he must have recalled that only a few months ago his Government left us with almost the worst youth unemployment since records began. It is remarkable that under his Government youth unemployment rose during a period of growth. That is not much of a record for him to crow about.

T8. [39832] **Jessica Lee** (Erewash) (Con): I want to raise the issue of family breakdown. My constituents often tell me that family breakdown involves not only the emotional turmoil of dealing with it, but the complexities of sorting out the financial arrangements and the accompanying delays. I would be grateful if the Minister would set out for the House the steps that the Government are taking to create a structure to ensure that parents can take financial responsibility for their children.

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): I thank my hon. Friend for her question. I refer her to the consultation paper on the future of the child maintenance system in this country, which we have been consulting on in recent weeks and through which the coalition Government are looking to provide more choice and support for parents, so that they can take responsibility on reaching maintenance agreements. We are also offering further services, such as a calculation-only service, and a new and improved statutory scheme, which will be stronger. Overall, we are trying to ask parents to take more responsibility. I remind the House that the previous Labour Government endorsed this approach and I remind Labour Front Benchers that Lord Hutton said that he was

"convinced that in general and in principle"—

charging—

"should form part and parcel of"—

the Child Maintenance and Enforcement Commission's—

"approach".

Indeed, we are following his advice—

Mr Speaker: Order. I am extremely grateful to the Minister.

Mrs Anne McGuire (Stirling) (Lab): Given that transport facilities offered by residential care establishments normally relate to social and care needs, not independent choice, could the Minister explain how the removal of disability living allowance from those in residential care is consistent with article 20 of the United Nations convention on the rights of persons with disabilities, to which this country is a signatory? Has she assessed her policy against the commitment to the convention?

Maria Miller: I can assure the right hon. Lady that we have assessed our policies in the right ways. I reiterate what I have said to her before, which is that the policy is trying to remove overlaps, not mobility.

Jake Berry (Rossendale and Darwen) (Con): In my advice surgery on Friday, a young couple came to see me in Darwen to say that they were £30 a week worse off for living together. It is a shameful legacy of the

previous Government that people are worse off for living in couples and worse off when they go back to work. What this couple, and everyone else in Darwen, wants to know is: when will the universal credit end this situation?

Mr Duncan Smith: My hon. Friend is right to say that this is one of the most invidious unintended effects of a benefits system, and this country found itself in a worse situation on the couple penalty that most others did because of the interplay and complexity of that benefits system. The universal credit will not immediately end all that, but it will make the situation much better for couples. When couples want to stay together, the Government should never be the thing that forces them apart. The right hon. Member for Birkenhead (Mr Field) has made that clear and I back him up on it completely.

Kate Green (Stretford and Urmston) (Lab): Block contracts with care homes often leave individual care plans unclear on what mobility costs are to be met by the home. What guarantees can Ministers give that no disabled person in residential accommodation will find their ability to leave their own home reduced as a result of the removal of the mobility component of disability living allowance?

Maria Miller: Again, I reiterate that we are looking to remove overlaps, not mobility. The local authority contracts contain clearly articulated requirements for care homes to cover activities involved in daily living, which include providing access to doctors, dentists and local services, such as libraries and banks. In addition, in order to become registered, a care home provider has to undertake to promote the independence of the disabled people living in the homes that it is providing. We know, as do care home providers, that mobility is an important part of that independence.

Amber Rudd (Hastings and Rye) (Con): This morning I met the BBC—the business breakfast club—in Hastings, which is a group of local employers. It raised with me its concern that when offering additional work to part-time employees of 16 hours, those employees often do not want to take it up because they find themselves worse off. Will the Secretary of State advise what will be done to even that out and make sure that work does pay after 16 hours?

Mr Duncan Smith: The objective of the universal credit is that, all the way up the part-time process, whatever the number of hours worked, work should pay. That is particularly so for those who take jobs with low hours and low pay, paying them extra. They will be the greatest beneficiaries of the system. It is invidious that there are only two points in the cycle at which people are able to take up work and make any money. In future, work should pay: that is the incentive and we should get people back to work by enduring that it does.

Katy Clark (North Ayrshire and Arran) (Lab): The Minister mentioned the consultation on the Child Support Agency, which includes the suggestion that both parents should have to pay for use of that agency. Many parents on low incomes need to go to the CSA. Will not such charges, if they are made, simply be a tax on their children and mean that there is even less money to bring those children up properly?

Maria Miller: Let me make it absolutely clear that there will be very clear ways in which such families can come to their own arrangements without incurring charges. If they feel that that is not possible, the statutory system will be there. Just to reassure the hon. Lady—the charges being put in place are only a fraction of the costs incurred in running the system. Indeed, the up-front charge that we are proposing for individuals on benefits is just one tenth of the cost of processing an initial application.

Fiona Mactaggart (Slough) (Lab): The Minister has made much of her proposal to remove the mobility component from residents of care homes as one that will reduce overlaps, but there is one group of people for whom there is no overlap at all—children who are in boarding schools because they have special needs. Will she drop that proposal in relation to such children?

Maria Miller: I reiterate that we are still in consultation on this proposal and are listening carefully to all the issues that people raise. It is vital for children to stay in contact with their parents. The provisions for schools to do that are very clear and we will make sure that when school facilities are not available, there remains an ability to be eligible for disability living allowance, because children would not necessarily be resident in the home.

Mr David Winnick (Walsall North) (Lab): Despite all these fine words, have Ministers seen the complaints that have been much publicised in the past few days that the people being targeted are those with multiple sclerosis and other very acute disabilities? Some of those people have said that if their allowances and benefits are taken away, so severe is their illness that they wonder whether life will be worth living. It is a disgraceful state of affairs that people with the most severe illnesses are being targeted in the current campaign.

Chris Grayling: I would say this to the hon. Gentleman: our goal is to do the right thing by people who can make more of their lives. This is not about taking support from people who need indefinite support. We will make sure that people on incapacity benefit who need support and cannot work will continue to be in the support group and will receive a higher level of benefit payment than at present. For those who have the potential to work, we will give them the specialist help they need to do so.

Building Schools for the Future

3.33 pm

John Cryer (Leyton and Wanstead) (Lab) *(Urgent Question)*: To ask the Secretary of State for Education if he will make a statement on his assessment of the High Court ruling on Friday to the effect that the decision to cancel the Building Schools for the Future programme in Waltham Forest and other areas was illegal.

The Secretary of State for Education (Michael Gove): I am grateful for the opportunity that this urgent question gives me to repeat the points made in my written ministerial statement of Friday.

On Friday, Mr Justice Holman handed down a judgment on the judicial review brought by six local authorities, including Waltham Forest, following my decision to cancel BSF projects in their areas. It was, of course, deeply regrettable that any building projects had to be cancelled, but the scale of the deficit we inherited meant that cuts were inevitable, and the inefficiency that characterised BSF schemes meant that we needed a new approach. All the local authorities that pursued the action agreed that cuts had to be made, but, as the judge records, they argued that

"other (unidentified) projects should have been stopped rather than theirs".

The claimants argued that Government decision making was confused and irrational, but the judge made it clear that the decisions I made were clear and rational. He said that

"the Secretary of State intended to draw, and did draw, a clear demarcation between situations where there were obligations under contract and those where there were not. The decision is not open to challenge on irrationality."

The claimants argued that the chosen cut-off date for projects was wrong, but the judge also made it clear that

"a cut-off date of January 1st reflected government-wide policy and helped to achieve that policy by making very large savings."

The claimants also argued that there was a breach of promise in stopping their specific projects, but the judge said:

"I do not consider that there was any failure...because there was no such promise or expectation."

I am grateful that on all those substantive points, the judge found as he did, in our favour.

On two procedural grounds, the judge ruled in favour of the claimants. In essence, his view is that my consultation with 14 local authorities in relation to 32 sample schools and a further 119 individual academy projects did not go far enough, and that I should have included the six claimants in my consultation. He also judged that I should have had rigorous regard to equalities considerations in reaching my decision.

The judge has not ordered a reinstatement of funding for any BSF project, nor has he ordered me to pay compensation to any of the claimants. Instead, he concluded that I must give each of them an opportunity to make representations, and then review the decision, in so far as it affects these six authorities, with an open mind. I am happy to do so. The judge has made it clear that

"the final decision on any given school or project still rests with" me, and that I

"may save all, some, a few or none".

He concluded by saying that

"no one should gain false hope from this decision".

I am grateful to the judge for that direction, for the fair and careful manner in which he appraised the evidence, and for his support for the Government on the substantive decisions that we took.

John Cryer: I want to emphasise, first, that the purpose of the urgent question was not to score points, but genuinely to elicit information, and secondly, that the court action was not taken light-heartedly but because, in the case of my local authority, Waltham Forest, we felt that there was no option as the urgency had become so great.

In my constituency, which is not unusual, seven schools were due for rebuilds—George Mitchell, Buxton, Belmont Park, Norlington, Connaught, Leytonstone and Lammas, which is on the boundary between my constituency and that of my hon. Friend the Member for Walthamstow (Stella Creasy). We were also expecting a new school to be built to deal with the rising demand for places in secondary school. That brings me to the crux of the argument, which is that by 2014 we will be 500 places short in secondary schools. That is a minimum. Waltham Forest is usually a recipient of migration from central London, which means that the actual demand could be 600, 700 or perhaps more. At present, 500 is the bare minimum.

There are three other points to be considered. One is that the structure of many of the schools in question is dreadful and literally falling apart. Teachers, pupils, governors and other staff have fought valiantly, and BSF was the light at the end of the tunnel until it was taken away. Secondly, a number of the schools that I mentioned serve some of the most deprived areas in London, which means some of the most deprived areas in Britain—areas that are struggling with all sorts of problems. Thirdly, some of the schools were on the verge of being decanted, expecting the work to start. In the case of Leytonstone, the school was hours away from moving students to other premises in the expectation that building work would start.

I want to ask a number of specific questions. What is the time scale for finding a replacement and addressing the judgment? Will the Secretary of State approach the matter with an open mind? He has already said that he would, but I want him to reiterate that. Will he consult openly with the schools and the local authorities, but in a fairly tight time frame because matters are becoming so urgent? Lastly, the argument is not about bringing back BSF. We recognise that it has gone, but as he said, we expect a replacement to be announced, and so far that has not happened. When will a replacement be announced?

Michael Gove: I am grateful to the hon. Gentleman for the fair way in which he makes the case on behalf of his constituents. I should point out that Waltham Forest has already received £68 million from BSF, but I appreciate, as he rightly says, that there are many schools in Waltham Forest which are not in the state of repair that either he or I would wish to see.

The hon. Gentleman makes the point that by 2014 Waltham Forest secondary schools will be 500 places short. I am sure that he, like me, is aware that many

primary schools across London are short of places. We must balance the need to ensure that there are places in secondary schools with investment in primary schools, which BSF did not cover.

The hon. Gentleman asked three specific questions, one of which was about the time scale. I have already been in touch, through my Department, I understand, with Waltham Forest. We want to make sure that we can receive proper representations on behalf of the local authority and its schools in a way that enables us to make comprehensive judgments in the most rapid time available. For that reason, in response to his second question, I will of course keep an open mind and will be keen to hear from him, other Waltham Forest Members and anyone with an interest in the decision. His third question was on consultation with the local authority and the relevant schools. I will be in touch with the local authority to find the most expeditious way of ensuring that the judge's directions can be followed.

Tony Baldry (Banbury) (Con): However exemplary the Secretary of State is in being fair-minded, is not the reality that all the consultation in God's creation will not create money where money simply does not exist? The point about the whole programme is that it was worse than bankrupt, because it cost £250 million without a single brick being laid.

Michael Gove: My hon. Friend makes a very good point. Unfortunately, under the previous Government, the BSF budget increased from £45 billion to £55 billion, yet only 8% of the school estate that was supposed to be renovated was renovated. We must have a more efficient way of ensuring that school buildings can be repaired, maintained and rebuilt, and that is what we intend to do.

Andy Burnham (Leigh) (Lab): The High Court has ruled the Secretary of State guilty of an abuse of power, but anyone listening to him for the first time today would not have thought so. There is still not one word of apology. If he does nothing else, will he at least put that right by apologising to the communities that are suffering the devastating effects of his defective decision making?

Fresh doubts have been raised about the Secretary of State's competence and judgment. To restore confidence, will he now publish all relevant submissions and advice related to that decision? Did he overrule official advice to consult before making those decisions? Will he confirm reports that a leading QC warned him that the councils had a fairly strong case against him? Why, then, did he proceed regardless, and how much public money has been wasted on legal costs? The judge requested a rerun with an "open mind". The Secretary of State's self-justifying response on Friday suggests that his mind is firmly made up. To give the six councils confidence of a fair hearing, should he not now remove himself from any further part in the decision?

This is a damning verdict on a Cabinet Minister by a High Court judge. We saw the same on school sport, Bookstart and the education maintenance allowance: snap decisions, no consultation. The Secretary of State is a repeat offender, dragged here yet again. Is he not now in the last chance saloon, with a clear warning to change his ways?

Michael Gove: I am grateful to the right hon. Gentleman for the way in which he responds to the judgment. He refers to an abuse of power, but he will be familiar with the fact that "abuse of power" is a judicial term that has been in use since 1603 and, in particular, has been applied in judicial review cases since 1985. It has been applied to Cabinet Ministers on both sides of the House. It is a matter of open debate that judicial review is there to ensure that decisions taken by Cabinet Ministers can be reviewed in the Court. As I said, I was delighted that in this case, on the substantive points, the judicial review found in the Government's favour.

The right hon. Gentleman asks whether all relevant submissions will be published. All relevant submissions were disclosed in the proceedings and looked at by Mr Justice Holman. He had an opportunity, unlike the right hon. Gentleman, to read the evidence and concluded that the judgment that we made was entirely rational, and he backed us on the substance.

The right hon. Gentleman asks about legal advice that referred to the fact that councils had a strong case. That legal advice, as I have informed him and other right hon. and hon. Members, referred specifically to the 32 sample schools in the 14 local authorities that we consulted. All of those sample schools went ahead. The consultation was right and proper in that respect. I am afraid that, as is so often the case, he is misinformed, jumped to a conclusion and, as a result of asking a question to which he knows the answer is not the one he anticipated, has sadly made another mistake.

The judge acted in accordance with all the evidence and found that, on the substance, the right decision was taken. An opportunity now exists for me to review the decisions in the six local authority areas. As I have said before, I intend to do so in an open-minded way and to take advantage of the judge's direction in order to hear their case.

Sir Alan Beith (Berwick-upon-Tweed) (LD): When the Secretary of State carries out that review, will he keep in mind the claims of those schools that were excluded from the Building Schools for the Future programme and might be in more urgent need of repair than those that were included, such as the Duchess's community high school in Alnwick?

Michael Gove: My right hon. Friend makes a very good point. One of the weaknesses of the way in which Building Schools for the Future was designed was that it did not prioritise schools on the basis of dilapidation; they were prioritised according to other, political criteria. There are of course schools in Building Schools for the Future areas which are in desperate need of renovation, but there are also schools outside those areas, such as the Duchess's school in Alnwick, which are in a similarly dilapidated state—a consequence of the failure to invest money efficiently over the past 13 years.

Mr John Spellar (Warley) (Lab): The Secretary of State's initial remarks seem to indicate an attitude that the play was a success, but the audience was a failure. He did, however, move on and offer to look at those decisions with greater care. He will know that Sandwell is a hugely deprived borough with growing school rolls, and that many of its schools were told year on year that they could not have improvements because they were part of BSF. Will he now look at those cases again? People

[Mr John Spellar]

are faced with crumbling schools and, frankly, dashed hopes. Will he now listen to Sandwell's representations in order to remedy that gross injustice?

Michael Gove: I appreciate the passionate and effective way in which the right hon. Gentleman makes his case. I had the opportunity to talk to Sandwell's council leader on 5 August, when he brought a delegation of teachers, parents and young people to the Department for Education, and I am very, very happy to ensure that, in the process that we now have, I listen fairly to all the representations made by Sandwell and its Members of Parliament.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): The Building Schools for the Future programme was put together according to political criteria rather than being based on Schools' state of dilapidation. Does my right hon. Friend feel that that was right?

Michael Gove: My hon. Friend makes a very fair case. As I mentioned earlier, some local authorities and schools in the Building Schools for the Future scheme were badly in need of investment, and I, like all right hon. and hon. Members, am sorry that the money simply is not there to invest in every school that needs it. But, as my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) quite rightly makes clear, the school estates of many local authorities outside BSF were also in need of renovation.

Stella Creasy (Walthamstow) (Lab/Co-op): Regrets will not solve the problems of many Walthamstow schools affected by the judgment—problems including asbestos, leaky roofs and a lack of space for the curriculum. It was for precisely those reasons that on 12 July I asked the Secretary of State to come to Walthamstow himself. Will he now, finally, in the light of the decision, make good on that and see for himself the issues that BSF was trying to deal with in Waltham Forest? Then, we might finally have schools that are fit for purpose in our borough—unlike the Secretary of State, who it appears is not fit for purpose, according to the judge.

Michael Gove: I am grateful to the hon. Lady for making her case. Waltham Forest, as an effective and efficient local authority, has already been in touch with my Department, and I am delighted to say that we will be in conversation with it to ensure that the right judgment is made in due course. But, with respect to the hon. Lady and all Opposition Members, although many schools are in desperate need of rebuilding, the question that must be asked is, "Why weren't those schools rebuilt effectively in the last 13 years, and why did the Building Schools for the Future scheme operate in such a wasteful and inefficient fashion?"

Damian Hinds (East Hampshire) (Con): Sixty million pounds spent on consultants; £1,625 per pupil spent on IT. Would my right hon. Friend say that Building Schools for the Future represented the very best way of spending money for the future education of our children?

Michael Gove: My hon. Friend, who serves on the Education Committee, has made a study of the waste inherent in Building Schools for the Future, and he is right: it is a scandal that, while buildings, as the hon. Member for Walthamstow (Stella Creasy) pointed out, were in a state of decay, unfortunately millions of pounds were spent on consultants. One individual, in one year, made more than £1 million as a result of his endeavours as a consultant working on Building Schools for the Future.

Mr Dennis Skinner (Bolsover) (Lab): Is it not becoming increasingly obvious that last year the Secretary of State took the decision to abandon all those schools under Building Schools for the Future in too much haste? As a result, he has had revised lists—I think there were six in all—and now this court judgment. We have a school in my area, more than 100 years old, being held up by pit props. A contract was made with the builder, but the case is still waiting to be decided. His junior Minister said that it is a compelling case, and there must be scores like that all around Britain. Why does he not stop the arrogance and get on with the job?

Michael Gove: The hon. Gentleman says on the one hand that we acted with unprecedented haste, and on the other hand that we should get on with it. One of the reasons we acted as we did is that the scheme we inherited was wasteful and inefficient. I should point out that as a direct result of changing the scheme we have been able to ensure that a school that was part of Building Schools for the Future, in the constituency of the right hon. Member for Doncaster North (Edward Miliband), is going to be built one year faster than it would have been under Labour, with 30% savings. Under this coalition Government, we are making the savings and beating the time scales to ensure that in the most deprived areas, the schools are built.

Andrew Bridgen (North West Leicestershire) (Con): Is it not the case that despite the huge amounts of money spent on BSF projects before a brick was even laid, the Government architecture watchdog judged that 88% of those projects were either mediocre or not good enough? Does not that underline how badly managed the scheme was under the previous Government?

Michael Gove: My hon. Friend makes a good point. The Commission for Architecture and the Built Environment made it clear that far too many of the designs were not up to scratch under the previous Government. We want to make sure that every young person has a school that is fit for purpose. That was not the case under the previous Government.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): The priorities for BSF were set according to social and economic deprivation and educational underachievement. Is the Secretary of State really saying that those are the wrong priorities when deciding what educational investment should be? Liverpool schools have been hit hard by last year's announcement. A month ago, I wrote to the Secretary of State inviting him to visit St John Bosco school in my constituency—one of the schools that was affected by the announcement. Will he, or one of his colleagues, visit that school at his earliest convenience?

Michael Gove: I am grateful to the hon. Gentleman for making the case. Initially, the Building Schools for the Future criteria were exactly as he described, but

subsequently they were altered so that readiness to deliver became a factor. That meant that, for a variety of reasons, the money was not always targeted at the areas most in need. He has made the case for St John Bosco and for other schools in Liverpool very effectively. One of my ministerial colleagues or I will make good on the promise to visit Liverpool.

Mary Macleod (Brentford and Isleworth) (Con): Does my right hon. Friend find it outrageous that under the slow and over-complex BSF process, it usually took about 30 months before construction began? What can he to do ensure that the process is simpler and more efficient for schools such as Chiswick community school and Hounslow Manor school in my constituency?

Michael Gove: My hon. Friend makes the very good point that it took 30 months from the moment of starting the process to the first brick being laid. In the project that we have used as a pilot in Doncaster North, the procurement process took just 10 weeks and the school will be delivered one year ahead of schedule. If that is not proof that there was inefficiency in the existing scheme that we inherited, I do not know what is.

Mr Jim Cunningham (Coventry South) (Lab): Will the Secretary of State tell us when he is going to make an announcement about a replacement for BSF for Coventry schools? A large number of our schools are dilapidated or have scaffolding around the buildings, and this situation cannot go on. I do not want him to blame the previous Government. You are in charge now. You put this question earlier: what did we do over the past 13 years? Well, we had 18 years of your previous Government when capital programmes were cut.

Mr Speaker: I am not in charge of anything other than the chairing of this session, but I look forward to what the Secretary of State has to say.

Michael Gove: The hon. Gentleman, along with the hon. Member for Coventry North West (Mr Robinson), met me last summer to make the case for Coventry, and he did so very effectively. I appreciate that a number of schools in Coventry need investment at some point in the future and have suffered as a result of the way in which the BSF timetable has operated. We hope that the James review of the allocation of capital will be published shortly—as I said, some of the pilot projects have shown that there is significant scope for savings—but naturally I want to make sure, as part of this process, that we can receive the submissions from the local authorities cited in this case.

Mr David Ward (Bradford East) (LD): Under phase 3 of BSF, 19 school projects in Bradford were frozen. I am sure that the Secretary of State will agree that it was a cruel deceit to sign off phase 3 just before the general election when there was no money available to build those schools. However, is it not also cruel to spend new capital money on free schools before we first meet the needs of the schools tied up in BSF?

Michael Gove: My hon. Friend makes a balanced point. The point I would make about free schools is that in the work that we have done so far, we have established that we can cut significantly—by up to 50%—the costs of providing school places. There is a proposal for at least one free school in Bradford, and it will be considerably cheaper than BSF schools. I hope that he will work with me to ensure that all new schools that are built—whether free, maintained or academy—are value for money and admit students on the basis of social justice and equality for all.

Kelvin Hopkins (Luton North) (Lab): The Secretary of State will be aware that Luton was one of the six authorities covered by the High Court action; the specific school was the Cardinal Newman Catholic school in my constituency. I visited that school on Friday and spoke at length to the head teacher. It is desperately overcrowded and has poor facilities, as is the case with all high schools in Luton. It is not so long ago that Luton had the highest proportion of school-age children in the country. In reconsidering these building projects, will the Secretary of State consider overcrowding and the lack of school capacity?

Michael Gove: The hon. Gentleman makes a good case. I am well aware of the problems that affect Luton's schools. I shall, of course, look closely at the case that he, other Luton Members and Luton's local authority have made.

Charlie Elphicke (Dover) (Con): In Dover and Shepway, £2.9 million was spent on consultants. One Kent bidder spent £5 million on a bid only to lose. The scheme was a bureaucratic nightmare and a complete fiasco. Does the Minister agree that it was a fiasco? Who was responsible for this fiasco, and are they in the Chamber today?

Michael Gove: My hon. Friend asks a series of questions, but I must resist the temptation that he extends to me. We all know that the scheme had to be reformed. Those who embarked on Building Schools for the Future did so for the best and most idealistic of reasons. Those who made promises immediately before the last election, which no Government could honour, must look to their own consciences.

Stephen Timms (East Ham) (Lab): The Secretary of State has assured us that he will keep an open mind in receiving representations from the six authorities, including Newham. I ask him to take a close look at the cases of Plashet school and Little Ilford school, whose pupils made a DVD to show him the state of their buildings. Renewal now would avoid continuous costly patching up. Should it not be allowed to go forward?

Michael Gove: The right hon. Gentleman makes a good case. I have had the opportunity to visit schools in his constituency and I appreciate the challenges that teachers face there. One reason why these six local authorities brought the case was that they were among the closest to the finishing line when the line was drawn. By definition, wherever the line was drawn, those closest to it would have felt the most acute sense of injustice; also by definition, those closest to it would have been among the most needy. Wherever the line was drawn, there would have been a feeling of grievance. I understand the feeling of grievance in Newham and I take on board the points made by the right hon. Gentleman and others.

Robert Halfon (Harlow) (Con): Is my right hon. Friend aware that the BSF scheme spent £20 million on a school in Essex that closed a few years later? A local authority official said that all the money had been spent, but that they had no idea where it had gone. Does my right hon. Friend agree that that shows the failures of the BSF scheme?

Michael Gove: My hon. Friend underlines the fact that under Building Schools for the Future, the capacity of local authorities to spend money as they saw fit took second place to the diktats of a centralised bureaucracy. As a result, there was inefficiency, which meant that public money was not spent as effectively as it should have been on raising standards.

Helen Jones (Warrington North) (Lab): Given that the Secretary of State's actions have been judged an abuse of power in relation to six local authorities, does it not follow that there was an abuse of power in relation to other authorities whose BSF projects were cancelled and which have not yet taken legal action against him? Will he commit to review all BSF projects that were cancelled, including the building projects at two schools in Warrington that serve the most deprived areas of my constituency? If he will not, is he not open to the risk of further action from other local authorities?

Michael Gove: That is an understandable response from the hon. Lady, but the judge was clear that only the local authorities that received a specific form of approval after 1 January and that took part in this action were governed by it, and that no other local authority should consider that it is in time or within its rights to bring a judicial review.

Andrea Leadsom (South Northamptonshire) (Con): Will my right hon. Friend explain why, in spite of having schools with the same leaky roofs, dilapidated classrooms and overcrowding as those described by many Opposition Members, my constituency was told that there was no chance of even being considered for a BSF project for the next five to 10 years?

Michael Gove: My hon. Friend repeats a concern that many hon. Members on both sides of the House have expressed—that the process by which individual schools and local authorities were selected for entry into Building Schools for the Future, even though it might have been conceived idealistically, in the end was not seen as fair. We need to ensure that the successor scheme guarantees that money is spent effectively and efficiently on those in the most need.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): The residents of Sandwell have been let down twice by the Secretary of State. First, it was announced that Sandwell schools would be unaffected by the cuts, only for that to be rescinded a few days later. Secondly, he undertook to visit Sandwell to explain what had happened and then decided that he would not do so. Will he do something to restore the faith of the people of Sandwell in the Government's intention by agreeing to make the consultation and review process totally independent, so that he is not left in the position of reviewing his own previous bad decisions?

Michael Gove: I am grateful to the hon. Gentleman for that point. He, along with the leader of Sandwell council, Sandwell teachers, parents and young people, was able to come and meet me in the Department, and he made the case for the schools in his local authority very effectively. An opportunity now exists for the decision to be reviewed, but the judge was quite clear that that decision should be taken by the Secretary of State.

Matthew Hancock (West Suffolk) (Con): I welcome the very reasonable tone of the Secretary of State's response to the reasonable judgment. Does he agree that it is not reasonable to ask pupils to be educated in schools that are falling down, or that after 13 years of a Labour Government, they see dripping wet rain coming in and, in some cases, skylights falling in, because dilapidation was not as significant a factor in the scheme as it should have been, and affected schools were therefore not eligible for BSF funding?

Michael Gove: My hon. Friend makes a very strong point. I note that while he was talking about dilapidation and making the case for reform of how we allocate capital with passion and urgency, Opposition Front Benchers were laughing. They might consider that this is an appropriate subject for levity, but I believe that they should reflect on their record in office and consider why, after 13 years and after they inherited a golden economic legacy, so few schools were in a fit state. Was it anything to do with any of the mistakes that might have occurred on their watch?

Pat Glass (North West Durham) (Lab): To return the Secretary of State to the judgment, which was about consultation, will he give us details now of what consultation he will carry out with the six local authorities involved? Will it include children and young people themselves and their families?

I noted from the Secretary of State's response to my hon. Friend the Member for Warrington North (Helen Jones) that the judgment does not rule out other local authorities that incurred expenditure also taking legal action. Will he consult those local authorities?

Michael Gove: I am grateful to the hon. Lady for her point. The judge was clear that it is only with regard to the six local authorities in question that I have to consult, and that no other local authorities are either in time or entitled to mount a judicial review. The manner of the consultation with those local authorities is very much a matter for them to outline in conversation with me and the Department, but I want to ensure that the process is as fair and expeditious as possible. With respect to other local authorities, such as those in Durham, I have of course had the opportunity to visit her constituency and that of the hon. Member for North Durham (Mr Jones) to see the specific case for investment outside BSF, which I know may be necessary.

Mr Andy Slaughter (Hammersmith) (Lab): The Secretary of State will know that schools in Hammersmith and Fulham lost £200 million in well worked-up, mature BSF proposals. Instead, we have free schools enrolling pupils, despite the fact that they have no approved business case, their consultation is not complete and

they have no secured site. Will he reconsider decision making in Hammersmith and Fulham, before he has to go back to the High Court?

Michael Gove: I am grateful to the hon. Gentleman for his point. I have had the opportunity to visit with him many of the outstanding schools in Hammersmith and Fulham, including Phoenix high school, which we both hold in high regard. The new free school that is likely to be opened, the West London free school, is being opened at a significantly lower cost than that for which schools were built under BSF. It will be in a handsome building adjacent, I believe, to the fee-paying independent school Latymer Upper, where he enjoyed such a great education.

Grahame M. Morris (Easington) (Lab): I hoped that the Secretary of State would be able to bring us sunshine today in relation to some of the schools that have been affected, particularly Seaham school of technology, which suffers from terrible problems of dilapidation. The opportunity cost of not replacing the school and having to fund the repairs is considerable. It is the only school serving quite a large town, and it has rising demand. Will the Secretary of State consider the case for that school?

Michael Gove: I am grateful to the hon. Gentleman, not only for proving that he is a reader of *The Times*, and a fan, as I am, of Sarah Vine's writing, but for making the case for investment in east Durham. I have had the opportunity in the past couple of months to visit the north-east twice, and I always enjoy doing so. He makes an impressive case. I know that with Building Schools for the Future gone, we must all look at how we can get money to the schools that need it in the best way. I also know that in Seaham and Easington there are schools that desperately need investment at some point in the future.

Lilian Greenwood (Nottingham South) (Lab): Staff at Trinity, Bluecoat and Fernwood schools in my constituency are desperate for extra investment in their buildings. Will the Secretary of State say when he will meet Nottingham city council to review our city's excellent case for that additional investment?

Michael Gove: At the earliest possible point.

Middle East

4.5 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): Mr Speaker, with permission, I shall make a statement on recent developments in the middle east and north Africa. Over the past few weeks, we have witnessed events of a truly historic nature in the region, including changes of Government in Tunisia and Egypt, and widespread calls for greater economic development and political participation.

Last week, I visited Tunisia, Jordan, Yemen, Bahrain and the United Arab Emirates to discuss the situation with our partners in the region. I held talks in Tunis with interim Prime Minister Ghannouchi, who is overseeing ambitious plans to open up Tunisia's political system, reform its constitution, revive its economy and prepare for free elections. I strongly welcome those intentions, and the steps that the Tunisians have taken to sign up to international conventions on human rights.

I met some inspiring young students, whose motivation was a desire for the freedom, employment and human dignity that we enjoy in Europe. I believe that there is now a clear opportunity for a closer relationship between the United Kingdom and Tunisia. I discussed how the UK might support projects in Tunisia through our new Arab partnership fund. New funding was announced to the House on 1 February that will support economic and political development across the region.

In Egypt as in Tunisia, there is now a precious moment of opportunity for the people to achieve a stable and democratic future. Yesterday, I spoke to Egypt's Foreign Minister, Ahmed Aboul Gheit, and the Prime Minister, Ahmed Shafiq. I welcomed the statements of the higher military council that promised a peaceful transition to civilian and democratic government, new elections and the reform of the Egyptian constitution.

Tahrir square is calm today after yesterday's announcements of the dissolution of Parliament and the suspension of the constitution. I encouraged the Egyptian Government to make further moves to accommodate the views of opposition figures, and was pleased to hear from Prime Minister Shafiq that members of the opposition should be included in a reshuffled Cabinet during the next week. We would also like to see a clear timetable for free and fair parliamentary and presidential elections, and a genuinely inclusive dialogue about the country's future. We welcome the military council's commitment to all regional and international obligations and treaties.

Egypt is a sovereign country, and we must not seek to dictate who runs its affairs, but we have been clear throughout this crisis that it is in our national interests as well as Egypt's for it to make a successful transition to a broad-based Government and an open and democratic society, and to an Egypt that carries its full and due weight as a leading nation in the middle east and in the world.

I believe that we have been right to speak particularly strongly against repression of, or violence against, protesters, journalists and human rights activists. We call now for the release of those detained during the demonstrations and for steps to end the state of emergency, which curtails basic rights. The UK must always uphold the right to peaceful protest and freedom of speech.

[Mr William Hague]

Looking to the future, it is vital and urgent that we work with the EU and other nations to support economic development and more open and flexible political systems in the region. We have begun discussions with the United States on co-ordinating our assistance. The Prime Minister discussed that with President Obama this weekend, as I did with Secretary Clinton. We can help with the building blocks of open societies, knowing as we do that a stable democracy requires much more than just holding elections. We are also working closely with Baroness Ashton and her officials. A taskforce has been set up in Brussels to put together a plan for immediate assistance and long-term support for Tunisia, and a plan of long-term economic and institutional assistance for Egypt.

The UK Government is in close communication with the International Monetary Fund and the World Bank to ensure that they are doing all they can to provide appropriate and timely support to Egypt. We have also received a request from the Egyptian Government to freeze the assets of several former Egyptian officials. We will of course co-operate with this request, working with EU and international partners as we have done in the case of Tunisia. If there is any evidence of illegality or misuse of state assets, we will take firm and prompt action. My right hon. Friend the Chancellor of the Exchequer will discuss economic support and possible freezing measures relating to assets with European Union finance Ministers tonight and tomorrow in Brussels, and has requested a discussion at ECOFIN tomorrow.

I hope that the House will also join me in paying tribute to the staff of the Foreign and Commonwealth Office and those who over the past three weeks have calmly and professionally run our embassy within yards of Tahrir square, while assisting the departure of thousands of British nationals from Egypt, and to teams from the Ministry of Defence and the UK Borders Agency. We will keep our travel advice under constant review.

The changes taking place in the region provide opportunities that should be seized, not feared. In Egypt, a nation of more than 80 million people should soon have the opportunity to choose their President and their representatives democratically. In Tunisia, more than 10 million people may now finally have the opportunity to unleash the economic potential that their geographic location and talented population puts within their grasp, and to enjoy democratic freedoms.

But this moment is not without risk. Nowhere is that more apparent than in Yemen, where I spent a day in meetings with President Saleh and members of the Opposition. I had three clear messages to the Government there. First, we want them to make progress on national dialogue with the opposition parties, including agreement on changes to the constitution and action to address the grievances of people in Yemen. Secondly, we have asked for and are now examining a prioritised and budgeted development plan for poverty reduction from the Yemeni Government so that we can establish a multi-donor trust fund for Yemen and be confident that funds are properly used. These issues will be the main focus of the next Friends of Yemen meeting in the coming months.

We also look for intensified Yemeni efforts against the al-Qaeda threat on their territory. I know that the House will salute the courage of our embassy staff in Yemen, who face the highest threat of any of our posts overseas and were attacked twice by terrorists in the last year.

There is also a serious risk that Governments will draw the wrong conclusion from instability in the middle east and pull back from efforts to restart the peace process between Israelis and Palestinians. We should draw the opposite conclusion, which is that we need to see an urgent return to talks so that people's legitimate aspirations for two states can be fulfilled through negotiations. This was the main subject of my discussions with King Abdullah of Jordan, as well as the recent steps the Jordanian Government have taken to promote domestic reform. In a region of uncertainty, the certainty provided by an agreement between Israelis and Palestinians would be of immense significance.

The Government are a friend to both Israelis and Palestinians. We are calling for both sides to show the visionary boldness to return to talks and make genuine compromises. Talks need to take place on the basis of clear parameters. In our view, the entire international community, including the United States, should now support the 1967 borders as the basis for resumed negotiations. The result should be two states, with Jerusalem as the future capital of both, and a fair settlement for refugees.

Finally, we must not allow our attention to be diverted from the grave danger of Iran's nuclear programme. Iran claimed that it supported protestors in Egypt, but it has denied its own people the right of free expression today and placed opposition leaders under house arrest. Meanwhile, the threat from its nuclear programme has not diminished. Given Iran's refusal to engage in genuine negotiations over its nuclear programme at the recent talks in Istanbul, we are now in talks with international partners about steps to increase the legitimate peaceful pressure on Iran to comply with UN Security Council resolutions and the requirements of the International Atomic Energy Agency.

All the issues that I have described underline how important the region is to our national interests. That is why we began, from our first day in office, a major, long-term effort to intensify Britain's links with the countries of the middle east, north Africa and the Gulf —in diplomacy, trade, education, health and civil society —as part of a distinctive British policy towards the region.

I reaffirmed last week to leaders in Bahrain and the UAE that we are committed to intensifying our engagement on foreign policy and that we will step up our discussions with the Gulf states on Iran's nuclear programme over the coming months. We will also pursue firm engagement with countries where we do not see eye to eye but have a considerable interest in edging those states towards a more constructive role. That was a process that I began when I visited Damascus two weeks ago for talks with President Assad. At this time of opportunity and uncertainty, the UK will therefore be an active and distinctive voice in the middle east. We will send a constant message about how important it is to move in the direction of more open and flexible political systems, and sound economic development, while respecting the different cultures, histories and traditions of each nation. Although we cannot set the pace of this change and must respect each country's right to find its own way, we will be a reliable friend and partner to all those looking to do so, and a staunch defender of Britain's interests in the region.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I thank the Foreign Secretary for prior sight of the statement he has just offered to the House. I welcome several aspects of the statement and join him, of course, in praising the work of officials in the Foreign and Commonwealth Office on the ground in Egypt and, in particular, the bravery of British staff working under difficult circumstances in Yemen. I also welcome the discussion of the use of the new Arab partnership fund and the work under way to co-ordinate international efforts to provide appropriate and timely support to Egypt. I also welcome the Foreign Secretary's remarks last week emphasising the continuing importance of the middle east peace process—sentiments that he has echoed again today—and his continued efforts to help to address the continuing challenges facing Yemen and the grave threat of Iran's nuclear programme.

As we watched a moment of history unfold on our television screens on Friday night, few of us would not have sensed history being made amid peaceful celebration and a genuine sense of hope and possibility communicated by the people of Egypt. Old certainties—political, regional and strategic—have been challenged by the scenes of hundreds of thousands of people on the streets of Cairo and elsewhere in the Arab world demanding a fundamental change in the relationship between the governed and their governments. I would therefore like, in particular, to address three points covered by the Foreign Secretary's remarks. The first is the work that the Government are doing, in conjunction with the interim Egyptian Administration and the Serious Fraud Office, to ensure that assets wrongly taken from either the people of Tunisia or the people of Egypt are pursued and returned. The second is the British Government's position on the future of Egypt, and the third is the implications of all these events on the wider region and the middle east peace process.

Earlier this month, it was reported that the assets of 46 allies and relatives of former President Ben Ali had been frozen following talks with the Tunisian Government. Will the Foreign Secretary confirm that this has indeed gone ahead, and update the House on the work of British and European Union officials to ensure that any assets wrongfully appropriated from the people of Tunisia by former President Ben Ali are returned to them? In recent days, there have been many media reports suggesting that former President Mubarak has a very large personal fortune held in bank accounts and property in the United Kingdom and Switzerland, among other countries. Yesterday, the Business Secretary said:

"I think it would be great for the reputation for the City of London if those accounts were frozen now."

Yesterday, the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for North East Bedfordshire (Alistair Burt) stated on the radio:

"There has to be a request made for any of this action to take place. . There are things that can be done, but so far there has not been a request made and therefore it is not possible to speculate".

I note, however, from the Foreign Secretary's statement to the House this afternoon, that a request has now been received from the Egyptian Government. Will he therefore tell the House precisely when the request was received and what subsequent actions the Government have taken to freeze the relevant assets since its receipt? Will he inform the House what instructions have now been given to the Serious Fraud Office in the light of the request, and when the SFO began its actions in relation to the matter? Given the comments earlier today from the chairman of the Euro Group, Jean-Claude Juncker, supporting an asset freeze, will he explain the need for a delay in taking action before tomorrow's meeting with European Finance Ministers? Why cannot this issue be addressed through direct contact and agreement with capitals prior to the meeting taking place? For the assurance of the House, will he confirm that he agrees with the Opposition that the UK should play its part in ensuring that any money that rightly belongs to the Egyptian people is returned to them?

Let me turn to the broader issue of Egypt's future. The events of Thursday and Friday last week were extraordinary, but the question dominating our debate is: what comes next? The Foreign Secretary expressed his support for a clear timetable, but what is the British Government's specific policy on the timing of the elections? Should they follow the timetable set out by President Mubarak on Thursday, or is it the Government's view that a longer transitional period would now be more appropriate? Important as they are, free and fair elections alone do not guarantee effective democratic governance, which involves the vital and unglamorous task of building a series of institutions, as we heard, from diverse political parties to a free press, and from legal safeguards for human rights and minorities to an independent judiciary.

During that transition, are the Foreign Secretary and his officials pressing the higher military council for the emergency laws to be removed and detainees freed, and for maximum freedom to be given to political parties and trade unions to organise in preparation for democratic elections? The polarising policy adopted by the Mubarak regime undermined moderates and ensured that perhaps the two most powerful and enduring post-Mubarak power structures in Egypt are the military and the Muslim Brotherhood. Have officials from the Foreign and Commonwealth Office met the Muslim Brotherhood in recent days? Will the Foreign Secretary give us his latest assessment of the nature of the organisation and the strength of its support in Egypt, and say how he assesses its potential impact on Britain's objectives for the region, which he set out for the House today?

Let me turn briefly to the consequences of these developments on the wider region. The Foreign Secretary met the Government of Yemen in recent days. Will he offer us the latest security assessment of the threat posed by al-Qaeda in the Arabian peninsula? Having attended the London Friends of Yemen conference in my capacity as Secretary of State for International Development, I am aware of the challenges faced in Yemen, so will he update the House on how British resources are being used, ahead of the establishment of the multi-donor trust fund, to address the development and security challenges faced in Yemen?

I welcome the reference made by the Foreign Secretary to the situation of the Iranian opposition leader Mir-Hossein Mousavi, who has reportedly been placed under house arrest in order to prevent him from attending demonstrations in Tehran. Will the Foreign Secretary share with the House what further steps he is contemplating in speaking up for human rights in Iran? He has expressed his rightful concern about the grave danger of Iran's nuclear programme, so will he update the House on his assessment of the prospects for the E3 plus 3 process, given the disappointing failure of the talks in Istanbul?

[Mr Douglas Alexander]

The announcement of the formation of a new Cabinet of the Palestinian Authority, combined with the planned presidential and legislative elections in September, is widely perceived as yet another consequence of the events in Tunisia and Egypt of recent days. The chief Palestinian negotiator, Saeb Erekat, also reportedly offered his resignation on Saturday, although reports suggest that Mr Abbas has not yet accepted it. Will the right hon. Gentleman tell the House what the situation is in the Palestinian Authority, and say what further information he has about the timing of those elections?

For many involved in the peace process from the Israeli side, the events of the last few weeks will have been unsettling. Although the cold peace with Mr Mubarak was the foundation of Israel's regional security, the events of recent days show just how brittle that supposed stability was. What discussions has the right hon. Gentleman had with his Israeli counterpart on the subject, and what he has done to urge the Israelis to see recent events as an impetus for a renewed commitment to the peace process? I am sure that I speak for all parts of the House when I say that, for the region, a peace one day between the legitimate representatives of the people of Egypt and a secure Israel would be an even greater prize than the last 30 years of stability.

Mr Hague: The right hon. Gentleman asks a wide range of questions, and I shall try to go through them. I thank him for his words about the staff of the Foreign Office, and about what they have done and continue to do in Yemen, as well as in Egypt. I know that it will mean a lot to them to be appreciated in all parts of the House.

I also thank the right hon. Gentleman for his support for what I have said about the middle east peace process. As I understood it, he supports the intensification of our measures on Iran, which I talked about in my statement. These are conscious changes in policy. It is a conscious change in policy for not only us, but the United States to say that a settlement in the middle east should be based on 1967 borders. It is a conscious change in policy to say that now, on top of the measures agreed in the European Union last year, the peaceful pressure on Iran must be intensified. To be joined by the Opposition in those changes of policy gives strength to them, and it always counts for a great deal in foreign policy for this House to speak in a united way.

I might have to take the right hon. Gentleman's questions in reverse order, but I will try to get through them all. This leads us naturally to a discussion of the peace process, which I have discussed with my Israeli counterpart. Foreign Minister Lieberman visited London on 24 January, and we have also had more recent discussions with the Israeli Government. Indeed, the Secretary of State for Defence, my right hon. Friend the Member for North Somerset (Dr Fox) was there over the weekend, underlining the point that the events in the region strengthen the case for making a success of negotiations on a two-state solution. I hope that recent events will be a jolt to many among the Israeli and Palestinian leaderships, showing them that, in the next few years, the opportunity to find a two-state solution will slip away unless there is a renewed readiness to engage in the process.

I am concerned about instability on the Palestinian side of the negotiations. The right hon. Gentleman mentioned the reported offer by the Palestinian chief negotiator to resign. There is also the prospect of elections among the Palestinians. This instability also underlines the importance of finding a way of getting the direct talks going again soon. The United Kingdom is very active diplomatically in trying to do that, and we will continue to be so.

The right hon. Gentleman asks about the prospects for the E3 plus 3 negotiations with Iran. There will be prospects for those negotiations only if Iran approaches them entirely differently from the way in which its negotiators approached the meeting in Istanbul on 21 and 22 January. The preconditions that Iran set for that meeting were entirely unrealistic, as Iran knew. It is important that it should be prepared to discuss its whole nuclear programme with the E3 plus 3 if such negotiations are to succeed. The door remains open to negotiations with Iran, but, so far, it has not proved willing to enter it.

The right hon. Gentleman asked about Yemen. There is of course a serious threat to our national security from the operations of al-Qaeda in Yemen. The recently well-reported cargo bomb plot was evidence of that. We are active in Yemen. The right hon. Gentleman will be familiar with the fact that the Department for International Development is very active there, with £50 million of support in the current year helping to provide more schools, to increase the number of doctors and to help with microfinance projects. That is valuable work, but we could do a lot more if we had the agreed framework of working with Yemen that we are calling for through the Friends of Yemen process, including the detailed development and poverty reduction plan. We received details of that plan just as I arrived in Yemen, and we are now examining it. I regard our work on the affairs and stability of Yemen in the coming months to be of great importance in the conduct of our foreign policy.

We certainly agree with the right hon. Gentleman's points about the future of Egypt. I think I mentioned in my statement that we want detainees to be freed. We also want to see a clear timetable for elections. There is an expectation that they will take place in six months, but not yet a categorical commitment. It would be wise to meet that expectation. As he and I have both said, however, democracy is more than about holding elections. What matters even more than the date is that the process between now and then should allow new political parties and civil society in general to grow and prosper. That is why it is important that emergency laws should be lifted, and that we and other nations—not only European nations but democratic Muslim nations such as Turkey and Indonesia—should join in the building up of civil society in Egypt. As the right hon. Gentleman said, that space between the National Democratic party and the Muslim Brotherhood has not been filled before. The Opposition parties in Egypt are small and weak.

We retain, as the previous Government did, certain contacts with the Muslim Brotherhood—in particular with those who were elected Members of Parliament in the 2005 elections. There has been normal contact with them, and that contact continues. Those people have clearly taken part in recent events in Egypt, although they are insistent that they will not be contesting the presidency of the country. We will maintain our contact with them, and judge them by their behaviour.

The right hon. Gentleman asked about the seizure of assets. Yes, the requests made by the Tunisian Government are being acted on. The freeze has been implemented, investigations are taking place, and the ways in which our authorities should co-operate with that are being followed up.

The specific request from Egypt was received this morning. That is why there is a difference between what the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire (Alistair Burt) said on the radio yesterday, when that request had not been received—and had certainly not been seen by Ministers—and the information put out this morning, which is that such a request has been received and will be acted on.

To clarify an issue for the right hon. Gentleman, it is not the Serious Fraud Office, but the Serious Organised Crime Agency that is involved in the investigation of assets acquired through corruption. We, of course, have to abide by the law on this matter. That means that we will act on requests from foreign countries, but that Ministers can direct an investigation or a seizure and freezing of assets only if they are in possession of evidence of criminal activity or of a threat to our national security. We are under certain constraints if no request is received. Nevertheless, the European Union is able to implement an assets freeze for wider purposes, which is what my right hon. Friend the Chancellor is discussing with his colleagues in the EU tonight. We are acting on this expeditiously, and I thoroughly agree with the general sentiment that the right hon. Gentleman expressed about this issue.

Sir Malcolm Rifkind (Kensington) (Con): In unreservedly welcoming the Egyptian revolution and similar uprisings elsewhere in the middle east, may I commend the Foreign Secretary, his predecessor and, indeed, the United States Government for insisting on having good working relationships even with autocratic regimes in the middle east which, regardless of their internal affairs which we deplore, have pursued moderate and constructive policies, seeking dialogue with Israel and working in a peaceful way towards a two-state solution between Israel and Palestine? Does the Foreign Secretary agree that any other approach would never have served the best interests of that region?

Mr Hague: I agree with my right hon. and learned Friend. That is the policy he pursued when he held my office. It is important to do that in any practical approach to foreign policy. In fact, I would go a little further than my right hon. and learned Friend, as it is also important to have some kind of dialogue with autocratic regimes even when they have not always pursued moderate and sensible policies. As I mentioned, I visited Syria just over two weeks ago, where, of course, we disagreed. I disagreed in our meetings with President Assad about Syria's relationship with Iran, about the country's human rights record and the about the situation in Lebanon. Even with such countries, however, it is important to have dialogue. Diplomacy in foreign policy is not just about talking to people with whom we agree.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): In welcoming the right hon. Gentleman's tough line on the middle east peace process, may I inform him that last week I led a delegation of Members of Parliament and Members of the European Parliament from several European countries to visit four refugee camps in Lebanon? I saw there the worst conditions I have ever seen in refugee camps—including even those in Gaza—and especially in Bourj al-Barajneh, which is a hell on earth. May I put it to the right hon. Gentleman that being bred in those refugee camps is an anger and bitterness against Israel—with huge numbers of children living in squalor of the worst kind—which will place in jeopardy the future existence of the state of Israel unless a settlement is reached soon?

Mr Hague: I am grateful to the right hon. Gentleman for those reflections on his visit. The Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire visited the same location in June, so we are well aware of the circumstances that the right hon. Gentleman describes. Part of the discussions I have with the Israeli Government leaders involves pointing out that the long-term trends are against the strategic security of Israel and make that harder to guarantee in the future, unless it is possible in the near future to make a breakthrough on peace talks with the Palestinians that then unlock the potential of a comprehensive peace in the region, with a fair settlement for refugees, which is an important aspect. To find determination in the Israeli Government as well as among the Palestinian leaders to drive that forward in the coming months must be one of our prime foreign policy goals.

Mr Gary Streeter (South West Devon) (Con): My right hon. Friend will be well aware of the significant contribution made by the Westminster Foundation for Democracy in the states of eastern Europe—countries with no history of democracy—during the 20 years since the Berlin wall came down. May I assure him that we are well able to play our part in the exciting events in the middle east and north Africa, and will stand ready to do so at the invitation of the peoples of those countries?

Mr Hague: I welcome what my hon. Friend has said. A couple of weeks ago I announced an increase in funds for the Westminster Foundation for Democracy, which I consider to be part of the mixture of support for civil society and the development of political parties when that is appropriate and agreed with the countries concerned. I very much hope that the foundation will be able to play a role in both Tunisia and Egypt.

Mr Denis MacShane (Rotherham) (Lab): Does the Foreign Secretary share my dismay that the first act of the new military rulers in Egypt—the generals and colonels who are now in charge there—has been to ban strikes and, in effect, prevent trade unions from functioning? Are we not in danger of seeing an agreement between men in uniform and the Islamist Muslim Brotherhood that will leave no space for secular democracy, which must allow a degree of social justice and the right of Egyptian workers to organise freely?

Mr Hague: It is indeed very important for secular democratic parties to be given space in which to develop. That is one of the issues on which I exchanged comments with the right hon. Member for Paisley and Renfrewshire

[Mr Hague]

South (Mr Alexander) a moment ago. The military council has made many announcements that we should welcome—I listed them in my statement—but that does not mean that we agree with everything that it says or does. One of the things that we are encouraging the Egyptian Government to do, which I discussed with the Egyptian Prime Minister and Foreign Minister yesterday, is to continue to "reach out", as we would say in the jargon, to opposition groups in Egypt—including, of course, trade unions and small opposition political parties—and ensure that they feel included in the process that is taking place. I am sure that that is the soundest approach.

Nicholas Soames (Mid Sussex) (Con): I congratulate the Foreign Secretary on the return of a wise and distinctive British voice to the middle east, and warmly endorse the wise words of our right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind). Does the Foreign Secretary agree that it will be extremely important to work closely with the organisation set up by Lady Ashton in the European Union, which has so much to contribute to ensuring that institutions in Egypt are financed and assisted as they walk towards democracy?

Mr Hague: Absolutely. That is important and urgent work, and my hon. Friend the Under-Secretary of State met Lady Ashton on Friday to discuss it in detail. It is one of the main ways in which we can assist in Egypt. The taskforce is doing its work in Brussels, and the United Kingdom will be very much part of that. I believe that we will be able to co-ordinate what we are doing across the European Union to give a serious measure of support to the process of change in Egypt.

Mr Ben Bradshaw (Exeter) (Lab): I congratulate the Foreign Secretary on what he has said today and, indeed, on what he said on the eve of his regional tour last week about the added urgency that the happy events in Egypt give to restarting the middle east peace process, but can he reassure the House that the American Administration share his analysis and, more importantly, are prepared to put on Israel the requisite pressure which, as we know from our experience of the past 20 years, is the only thing that will lead to a lasting solution?

Mr Hague: I discussed that with Secretary Clinton yesterday. I think that we should salute the efforts that she and former Senator George Mitchell have made in recent times. I am very conscious from all the meetings and discussions that I have had with them since May last year of the sheer energy and time that they put into trying to ensure that direct talks continued after September, when they unfortunately came to a halt.

The position that I have said that the United States and all of us should take is not yet the position of the United States, but I have informed the House openly that it is what we are advocating. I should have liked the statement on parameters to which I referred to be part of the Quartet statement issued in Munich just over a week ago. It was not part of that, but we will continue to advocate it, and I hope that it will become part of the approach of the whole Quartet, including the United States.

Dr Andrew Murrison (South West Wiltshire) (Con): I congratulate my right hon. Friend on the tone he has struck with emerging and potential Administrations in north Africa, but there are countries in the wider region that are embarked upon a process of political evolution, not revolution. What can Her Majesty's Government do to help them?

Mr Hague: We do, of course, work closely with those Governments. The evolutionary approach is a much wiser one, and, indeed, had the Egyptian leaders taken that approach in recent years—or even recent months—I think they would have been in a much stronger position over the past few weeks. That point has not been lost around the region, and some nations have introduced important political and economic reforms. Jordan is one of them, as I mentioned earlier, and Bahrain is another; it has already held three sets of national elections. That is not to say everything in all these countries is exactly as we would desire it, but they are embarked on a process of evolution and developing more open political systems, and we should welcome and support that.

Dr William McCrea (South Antrim) (DUP): I welcome the Foreign Secretary's statement. What further steps can be taken to pressurise Iran to comply with United Nations Security Council resolutions and give the people of Iran the right of free expression?

Mr Hague: We are currently embarked upon the search for those measures, so I cannot give the hon. Gentleman the specifics of the answer, but as I am calling for an intensification of measures of peaceful pressure on Iran, it is clear that we are looking to intensify some of the economic sanctions that have already been agreed and put in place. I will have to return to the House with more details on that when we have discussed it with our international partners.

On a subject that the shadow Foreign Secretary, the right hon. Member for Paisley and Renfrewshire South (Mr Alexander) raised, although I do not think I answered him, we continue to speak up for human rights in Iran at every opportunity. Our ambassador has sometimes been roundly abused for doing so, but he does not shrink from doing so, and I have taken the opportunity to do so again today. We do so regularly through the Foreign Office website and other means of communication, and Iranians are able to hear some broadcasts and communications, such as those from the relevant BBC channel. We will continue to stick up for human rights.

Iain Stewart (Milton Keynes South) (Con): Although I agree with my right hon. Friend that the current situation can, and should, give fresh impetus to the middle east peace process, there is considerable concern in Israel about the country's future security. Will my right hon. Friend reassure me that he will do all he can to guarantee that the new regime in Egypt honours its obligations under the 1979 treaty?

Mr Hague: As I mentioned in my statement, we strongly welcome the statement of the military council in Egypt over the weekend that international obligations and treaties are to be upheld, and the United Kingdom will strongly put the case to any future Government in Egypt that that should be their starting position in foreign policy.

Richard Burden (Birmingham, Northfield) (Lab): Given what the Foreign Secretary has said about the middle east peace process, which I endorse, does he share the view of the Israeli newspaper, *Yediot Aharonot*, which said today that it is a little worrying that a country that refers to itself as the only democracy in the middle east should apparently feel so uncomfortable at having a democracy next door? As Gaza still suffers under blockade, can the Foreign Secretary tell the House what is happening with the blockade in the light of recent events, what Israel is doing and what is happening at the Rafah crossing?

Mr Hague: It is important for us all to have some faith in democracy. Instability on its own is, of course, a danger to the success of the peace process, but democracy itself is not a danger. We must have faith in what we practise in this country and believe in for others, and we should give that advice to Israel as well. We look to Israel to implement fully the commitments it has entered into about access to Gaza. We welcomed those commitments when they were made some months ago, but I do not think that the flow of materials in and out of Gaza has yet met the prospect that was held out at the time. We consistently raise that with the Israeli Government. We have consistently raised our view that the blockade of Gaza is unsustainable and unacceptable. We continually look, therefore, for improvement—building on some very small improvements so far—in access to Gaza.

Robert Halfon (Harlow) (Con): Given the continued belligerence of the Iranian nuclear programme, the strengthening of Hezbollah in Lebanon and of Hamas in Gaza, and the possible Islamisation of Egypt, does my right hon. Friend agree that Israel is now surrounded by Iranian allies or proxies? Does he have an assessment of the security threats to Israel and of the peace treaty?

Mr Hague: Of course there are many security threats to Israel, but the way for Israel to chart its way forward away from those threats is to seek urgently the resumption of the direct talks with the Palestinians and to find the two-state solution that would ensure that many of those threats fell away. As I say, it is important to be positive about the change and the prospects in Egypt. It is important for Israelis to be positive and welcoming about that as well, because expressing excessive fears about Islamisation in Egypt—I hope that they become excessive; of course, I cannot know what will happen—may become a partly self-fulfilling prophecy. So we should take a more positive attitude than that, and the way forward is the reinvigorating of the peace process.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Just over a week ago, a group of Egyptians blew up a pipeline taking gas to Israel and Jordan. Were the Israelis right to be concerned about that?

Mr Hague: Yes. We do not yet know what exactly happened in that incident, but it rightly caused concern in Israel and Jordan. I know from visiting Jordan last week that the extra energy costs resulting from the incident were several million pounds a day, in an economy that can ill afford it. That underlines the need for a rapid return to a state of affairs in Egypt that allows its economy to recover and provides stable security, which is why we have argued for an orderly transition and now the implementation of what the military council has pledged itself to. So, yes, people were right to be concerned about that, but the answer to that is stability and democracy in Egypt.

Neil Carmichael (Stroud) (Con): In welcoming everything that the Foreign Secretary has said, may I ask him whether he has been in contact with the French Foreign Minister to discuss the situation in Algeria and Morocco?

Mr Hague: Yes, we are in discussion with all of our allies. I had an extensive discussion on north Africa and the middle east during my previous meeting with the French Foreign Minister, and we also discussed these matters at the Foreign Affairs Council on 31 January in Brussels. The situation in Algeria is also uncertain; a demonstration took place there at the weekend and its Government have announced certain reforms, including better media access for opposition groups, and economic and social reforms. That is a further illustration of how Governments across the region are noticing that they need to embark on those things to give better hope and prospects to their populations.

Mark Durkan (Foyle) (SDLP): I welcome the strength and balance of the Foreign Secretary's tone on the middle east peace process. He says that the Government are friends to both Israelis and Palestinians, but does he believe that that statement is believed and understood equally by Israelis and Palestinians? What confidence can he give those who have cause to doubt based on experience?

Mr Hague: I hope that it is believed and understood. It is meant sincerely, by not only this Government but the previous Government and hon. Members from right across the House, that we want security and prosperity for all Israelis and Palestinians for the future. We want a secure Israel living alongside a viable, contiguous Palestinian state. Of course, every time one makes a policy announcement or expresses a preference for talks to resume in certain conditions, that can be seen as taking sides in some way, but that should not hold us back from advocating those things. This country believes these things and means them very sincerely, so let us all underline that fact.

Andrew Bridgen (North West Leicestershire) (Con): May I congratulate the Foreign Secretary on his recent visit to Yemen—the first by a British Foreign Secretary since 1996? As my constituency includes East Midlands airport, I am well aware that instability in Yemen can lead to serious security risks in the UK.

Mr Hague: I am grateful to my hon. Friend for those comments. As I have said, our diplomats and aid workers do a terrific job in Yemen, so I thought it important to visit that country to see what they do and to talk directly to the President of Yemen. The security concerns that my hon. Friend mentions were right at the top of the agenda and I asked the President further to reinvigorate and strengthen the efforts that the Yemeni authorities are making to take on and defeat al-Qaeda.

David Cairns (Inverclyde) (Lab): Quite understandably, events in Egypt overshadowed the announcement made by the Israeli Government on 4 February, which was welcomed by the Quartet the following day, of significant security easement on the west bank and—a little contrary to what the Foreign Secretary has just said—some easement of the blockade of Gaza. Does he accept that although those actions are not a substitute for final-status negotiations, in which both parties must engage, they are progress? As well as talking tough with Israel, which he seems to be specialising in these days, should he not congratulate Israel when it does the right thing and encourage the progress that we have seen in the past few days?

Mr Hague: Of course I agree with that; we put out a statement welcoming those measures. The Quartet's envoy, Tony Blair, played an important part in bringing about those confidence-building measures and I pay tribute to him for that. We certainly welcome those measures, but, nevertheless, the overall assessment of the situation in Gaza is as I described in answer to the hon. Member for Birmingham, Northfield (Richard Burden). It is important to make more significant compromises than have been offered by the Israelis or Palestinians in recent months in order to have real hope that direct talks can take place and succeed.

Andrea Leadsom (South Northamptonshire) (Con): Does my right hon. Friend have a view on the way that social networking sites have affected the direct action in Egypt and Tunisia? Does he think that that is an unmitigated good or is there a risk that rumours and false information could be spread in that way and worsen the problems in the middle east?

Mr Speaker: The Foreign Secretary's views on philosophy are interesting, but we are also concerned about policy.

Mr Hague: Yes, there is no doubt that social networking sites have played an important role, particularly in Tunisia. That was very apparent from the young people I met and talked to there, many of whom, especially the young women, had taken part in the revolution on social networking sites rather than out in the streets. They were very proud of the way that they had co-ordinated their messages in the days before the revolution in order to intensify the action and demonstrations that took place. Those sites have played an important role and it is something that we should be positive about overall. The world is changing in a very significant way: people of all ages have access to communicating in that way and it is important that their freedom to do so is preserved. One way in which the Egyptian authorities have gone wrong in the past couple of weeks has been in trying to suppress access to the internet and misuse mobile telephone networks. People now have the right to use those things in a relatively open way.

Jeremy Corbyn (Islington North) (Lab): Is the Foreign Secretary aware that there is a real need to review the whole policy strategy towards the middle east and north Africa? We have had 30 years of US aid pouring into Egypt with no discernible improvement in human rights and we have EU trade agreements with a number of countries that include a human rights clause that has not been enforced or effected. Is it not time for us to look again at the whole strategy for the region? Mubarak was in effect supported, particularly by the US, and it was the people of Egypt who got rid of him, not international diplomacy or pressure.

Mr Hague: Clearly, there are changes taking place in the policies of this country and our allies towards the middle east. Several of the things I have referred to in my statement today are changes in policy towards the middle east. On the specifics of the hon. Gentleman's question about human rights clauses not being observed, there is a case, which my right hon. Friend the Prime Minister raised at the recent European Council, for strengthening the conditionality of such clauses and for the European Union's becoming more insistent on the proper observation of those clauses. We will be discussing that further in the EU.

Keith Vaz (Leicester East) (Lab): May I join the hon. Member for North West Leicestershire (Andrew Bridgen) in welcoming the Foreign Secretary's visit to Yemen—the first by a British Foreign Secretary since reunification? I am sorry that he was not able to get to Aden on this occasion.

On discussions on poverty and security, I note that it is not this Government who have failed to deliver on our pledges but other donors. Will the Foreign Secretary ensure that they are encouraged to pay up as they have promised to do? On security, we need to do better. It has taken us six months to get one scanner to Sanaa airport, but in order to help defeat al-Qaeda, we need to do things much faster.

Mr Hague: We are helping with airport security. The right hon. Gentleman is right about that, but it is not always quite as simple as it may look to put these things in place. On the question of international donations, those donations will be available, provided the international community is convinced that the development and poverty reduction plans are sufficiently detailed and credible, and that we can organise some of the aid through the multi-donor trust fund of which I spoke. There will, I think, be a generous response, provided that those plans are credible. That is what we have to establish at the next meeting of the Friends of Yemen, which I hope will take place within the next couple of months.

John McDonnell (Hayes and Harlington) (Lab): It is immensely important that the Foreign Secretary has raised again and has consistently raised the matter of human rights in Iran and the plight of political prisoners. The internationally renowned film maker, Jafar Panahi, has been released from prison but is now facing a further six-year sentence. He has been banned from travelling abroad, even to pick up film awards. He has also been banned from film making for 20 years by the regime. Could the Government add their voice to the calls for freedom for Jafar Panahi and other political prisoners?

Mr Hague: Yes, the hon. Gentleman is right to raise that case—one of too many cases. We could make a long list of such cases. It is another example of the unacceptable and arbitrary nature of what passes for justice in that country, so I echo his call. We will pursue that case in the future.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): The Foreign Secretary is right when he says that democracy is about more than elections. There are two things that he could do in a concrete way. One he has already done—increase the funding for the Westminster Foundation for Democracy. The second is to increase the funding of the World Service, rather than cutting it.

Mr Hague: Of course, it would be nice to have the budget to do everything that everybody demanded. As the hon. Lady knows, we do not have the budget to do that. On the World Service and the Arab world, I stress that satellite television is watched almost ubiquitously through the Arab world and was of course much resented by the Egyptian authorities during recent events. That includes the BBC. BBC Arabic is continuing on medium wave, and the shortwave service is being continued for the most sensitive areas in Sudan and the Arabian peninsula, so the BBC will continue to have a very strong representation in the Arab world.

Mr David Winnick (Walsall North) (Lab): Is it not important that the Egyptians are not cheated of their remarkable victory in the past few days, and that there will be continued pressure for democratic elections to be held and the decisions accepted? May I tell the Foreign Secretary that I have heard successive Foreign Secretaries over many, many years telling us in the Commons about the need for a Palestinian-Israeli settlement, but as long as the settlements on occupied land remain with Israel illegally and continue to be built, is it not clear that there can be no genuine settlement? It is up to the United States above all to put sufficient pressure on Israel to see sense. Possibly the evacuation of the settlements would lead to a settlement.

Mr Hague: The settlements are illegal under international law. We are clear about that, and the previous Government were clear about that. There is no question about it. The issue of the settlements can be finally resolved only with a settlement on borders, which in our view, as I said, should be based on 1967 borders, with land swaps. That would have implications for some of those settlements. The United States has made valiant efforts to bring the parties back together on the basis of a continued Israeli moratorium on settlements, but sadly did not succeed in doing so. We all feel strongly about the issue. The hon. Gentleman is right to feel strongly about it. What we now need to find is a practical way to get both parties talking again, and that requires both of them to be ready to make the compromises necessary to do so.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): What was the Foreign Secretary's specific purpose in visiting Bahrain, and did it meet his objectives?

Mr Hague: My purpose in visiting Bahrain was to discuss the situation in the region with Bahrain's leaders, which I did with his Majesty the King, his Royal Highness the Crown Prince, the Foreign Minister and the Prime Minister, so I had extensive discussions—*[Interruption.]* No, I did not have time for any leisure, despite the aspersions of those on the Opposition Front Bench. I also visited the British maritime component of the military command there, which conducts counter-terrorism and counter-piracy operations, and saw some of the valuable work that our Navy is doing, based in Bahrain. I also met human rights activists there, because the British Government have given a great deal of support to their activity, recognising that many reforms have taken place in Bahrain in recent years, but also that improvements could be made in its human rights record.

Hywel Williams (Arfon) (PC): Egypt is often seen as the cultural powerhouse in the Arab world, not least because of the production of films and books in Alexandria. What steps can the Government take to promote those valuable cultural activities and so indirectly shine a light on other closed societies in the middle east?

Mr Hague: That is a valuable point. I hope that we can do more in the cultural area as we work with that country in the coming months. I hope that we can do more in promoting not only civil society and the building blocks of democracy, but educational and cultural co-operation. That is part of our programme for elevating relationships throughout the middle east, so we will attend to that in this case as well.

Michael Dugher (Barnsley East) (Lab): The Foreign Secretary last week visited a number of non-democracies for reasons that we understand and that he has set out before the House, but does he feel that in that context, with the benefit of hindsight, it was helpful, sensitive or even fair to describe the democratic state of Israel as belligerent?

Mr Hague: I think it right to warn against belligerent language on all sides in this situation and not to describe any country as belligerent, but to warn against that and call for a reinvigoration of the peace process. I think that that was widely appreciated and perfectly well understood in the region.

Mr Andy Slaughter (Hammersmith) (Lab): May I, like many Members on both sides of the House, welcome what the Foreign Secretary said about the basis for a just peace between Israel and Palestine, especially on borders and refugees, although I am not sure about land swaps? I also welcome what he said about the expropriation of funds from Egypt, but will he go a little further, because the Business Secretary said yesterday that he was not aware that Mubarak had substantial assets in the UK? I will tell the Foreign Secretary who does know that: the Egyptian diaspora in this country, who are horrified about criminals coming over from Egypt, and the UK banks. Will he talk with both groups to ensure that we freeze and seize those assets?

Mr Hague: I cannot at this point add to what I explained earlier. We cannot do these things on a whim or a suspicion. The Proceeds of Crime Act 2002 requires us to receive a request from another country in order to take action immediately to freeze assets. If we want to initiate an investigation by the Serious Organised Crime Agency, we must have evidence of criminal activity or be faced with some emergency, such as a direct threat to our national security. We must operate within the law, but we are already acting on the request we have received from the Egyptian authorities today and are discussing what we can do more widely across the European Union as a whole, so I am satisfied that at the moment we are doing everything we can on the issue.

John Woodcock (Barrow and Furness) (Lab/Co-op): The Foreign Secretary is of course right to focus on the potential of the extraordinary change in Egypt to kick-start the middle east peace process, but given the recent comments of the Iranian Foreign Minister and the leader of Hezbollah, what more can Britain do to ensure that Egypt's future is one of peace towards its neighbours?

Mr Hague: I think that we have to do all the things we have discussed over the past hour to support the building of civil society and democracy in Egypt and to fill the moderate, sensible political space so that it is neither fanatical or extremist on the one hand, nor brings more authoritarian government on the other. I think we can fairly conclude that the prime motivation of the people who demonstrated in Egypt was not foreign policy or hostility to other nations, but their seeking of the economic opportunities and political rights that we consider normal in our country. If that is the case, and I think it is, then that is the reason why we should have some faith in the development of openness and democracy in Egypt; and we should do everything we can to support that.

Afghanistan

5.5 pm

The Secretary of State for Defence (Dr Liam Fox): With permission, Mr Speaker, I will report to the House the Government's assessment of progress towards UK objectives in Afghanistan.

Before I begin my statement, I regret to have to inform the House that two British soldiers from the Royal Logistics Corps died early this morning at Camp Bastion. An investigation is under way into their deaths, but early indications suggest that they were caused by a fire. Their families have been informed, and I am sure that I speak for the whole House when I say that our thoughts and prayers are with them at this very difficult time.

International forces from 48 nations, including the United Kingdom, are in Afghanistan to prevent terrorists, including al-Qaeda, from again using Afghanistan to plot and launch terror attacks. The contributions of each nation to the international security assistance force are listed in the supplementary written information that I have provided for Members.

Meeting our objectives requires working with Afghanistan's neighbours, and that includes helping Pakistan to tackle the problems on its side of the border. We are acting to provide the security space required for indigenous security and governance to grow, and we are supporting that growth through diplomatic, developmental and military means. The goal is for the Government of Afghanistan to provide, on a sustainable basis, the capability and governance required to manage their own security.

Although international military forces have been in Afghanistan since 2001 and significant gains have been made, it is only since August last year that we have had the number of troops and the right level of equipment to fulfil the strategy set for them. The challenge lies in having the patience and will to see the mission through.

The Foreign Secretary reported to the House in October. In this quarterly report, I will concentrate on the security progress being made in central Helmand, where the majority of UK forces operate. That is represented by the shaded area on the map of Helmand province that I have provided to Members.

Afghanistan has 401 districts, but 60% of the violence occurs in just nine of them, and eight of those nine are in Helmand and Kandahar. So we need to remember that Helmand is not representative of Afghanistan as a whole, and that there are many places where progressively a sense of normality and security is returning. Before I turn to general progress, in keeping with our undertaking to keep Parliament better informed as far as operational restrictions allow, I should like to update the House on current force levels.

The previous Government announced on 30 November 2009 that they had increased the endorsed UK force level to 9,500. It will not surprise the House to hear that that core number of 9,500 does not fully account for the actual force numbers we have deployed, given the complex and highly dynamic current situation on the ground. As the previous Government acknowledged, a sizeable contingent of our highly effective special forces operates in Afghanistan. In accordance with long-standing practice, we do not specify the scale or nature of their activities,

but, if we take them into account with the enabling support that they need, we see that they take our numbers to more than 10,000.

For many years, UK forces have contributed to the protection of Kandahar airfield. In December 2009, it was expected that they would hand over that task to another ISAF partner within a matter of months. That did not happen, and we still have almost 200 extra troops protecting Kandahar airfield. That is constantly under review. Additionally, in September 2010, we announced the deployment of 200 personnel from the Allied Rapid Reaction Corps to ISAF Joint Command for 12 months. They will return by February 2012.

To maintain operational flexibility, we also approve temporary deployments, or surges, of additional personnel to meet specific and time-limited tasks. These include personnel to provide key headquarters functions or to prepare infrastructure for the rigours of the Afghan winter. From time to time, we also deploy the Theatre Reserve Battalion. The number of UK military personnel on the ground in Afghanistan also fluctuates from day to day, reflecting the number of personnel on rest and recuperation breaks, as well the changes that occur as we hand over responsibility between units during the twice-yearly reliefs in place. So the actual number of military personnel currently in Afghanistan is regularly well over 10,000.

We keep our force levels under constant review, and some reductions this year may be possible, dependent on conditions on the ground and implementation of the security transition process. I want every member of our armed forces deployed in Afghanistan to get the credit for the incredible job that they do, and I know that all those in the House will want to join me in paying tribute to their selfless courage and hard work.

The efforts of our armed forces are supported by the work of many hundreds of civilians from the Ministry of Defence and other Departments, including staff in our embassy in Kabul, in our taskforce headquarters and provincial reconstruction team in Lashkar Gah, in district stabilisation teams across Helmand, and in units and facilities outside Afghanistan. Again, I am sure that the House will want to join me in acknowledging the valuable work that they do and their devotion to duty.

In central Helmand, as General Petraeus has said, we have not yet seen success or victory, but we are seeing progress. It is fragile and not irreversible, but it is progress. The increase in Afghan and ISAF forces has enabled us to take the fight to the insurgency and, understandably, this has led to an overall increase in the number of violent incidents. But over the past three months, although the number is still higher than in previous years, we are seeing a trend of falling security incidents. For example, in the Marjah district of Helmand province, security incidents have fallen from a high of around 25 a day at the height of summer to just three or four a day at present. There is a seasonal pattern, as many insurgents, especially those fighting for financial rather than ideological reasons, return to their homes for the winter. This year, however, with the unusually mild weather and with winter arriving late, and the increased activity by ISAF and the Afghan national security forces, the fall in the number of incidents is more likely than in previous years to be an indicator of progress. However, I have to say to the House that casualty numbers are once again likely to rise in spring this year as insurgent activity increases.

This year will be just as difficult as 2010, but there will be distinct differences. The increased number of ANSF and ISAF forces allows us to arrest the momentum of the insurgency in more areas. Afghan forces will also begin to take the lead for security as the first districts and provinces begin the process of transition. There are now over 152,000 Afghan national army and 117,000 Afghan national police. This is on schedule to meet the October 2011 growth target to deliver 305,600 Afghan national security forces. But as the quantity increases, quality must not be neglected. One example is improving literacy to ensure that orders can be communicated in writing as well as orally, so that there is less scope for misinterpretation. Currently, around 85% of ANSF recruits are illiterate on entry. Literacy training is now mandatory for all recruits. The training is to be conducted by Afghan teachers, creating employment and boosting the economy, and significant progress is being made.

Progress has also been made in implementing the Afghan local police initiative. This is a temporary programme of village-owned security aimed at providing a security effect in areas with limited or no ANSF presence. The programme, established by presidential decree, comes under the authority of the Ministry of the Interior. Fourteen sites have been established, and 2,800 ALP have been recruited. Once the necessary security and capacity are established, these local forces will be integrated into the regular ANSF.

In Helmand, our bilateral police mission has focused on training Afghan national police at the Helmand police training centre, from which the 2,000th officer graduated in December. The UK Government have funded the building of six new police stations in Helmand in the last six months, with 10 more in construction and 28 more in design.

Following the Lisbon NATO summit, the transition process is on track. The joint Afghan-NATO transition board is set to deliver recommendations this month on which provinces will enter the transition process. President Karzai has confirmed that he will announce the first phase of transition on 21 March.

The UK Government's development programmes work with the Government of Afghanistan to build capacity to direct and deliver their own development. Real progress is being made at the local level across Afghanistan. UK-funded teams from the provincial administration in Lashkar Gah have begun to create a district community council in Marjah, which this time last year was an insurgent stronghold. In Musa Qala, the newly elected council is developing a district plan for the Afghan Government to deliver with support from the UK. At national level, action plans have been developed for the Afghan Government's national priority programmes, and we have seen encouraging progress in some areas. For example, revenue collection has increased by 32% compared with the same period last year, albeit from a low base. That is 9% above the International Monetary Fund target and brings Afghanistan a step closer to self-sufficiency.

The newly elected Afghan Parliament was inaugurated last month, with frictions between the Executive and legislature resolved democratically. However, we remain very concerned about levels of corruption, and in particular about the disturbing allegations about the Kabul Bank. We will continue to press the Afghan Government to translate their anti-corruption commitments into action.

[Dr Liam Fox]

The Afghan Government are taking further steps towards peace and reconciliation for all Afghans. The High Peace Council has toured Afghanistan to publicise the Afghan peace and reintegration programme. It is early days, but in some areas of Afghanistan, particularly in the north, increasing numbers of insurgents are seeking a way out of the cycle of violence. The High Peace Council recently visited Pakistan to take forward dialogue on peace and reconciliation.

Three hundred and fifty-six British servicemen and women have died on operations in Afghanistan—15 since my right hon. Friend the Foreign Secretary last reported progress to the House at the end of October. In the face of such sacrifice, we should be in no doubt about the importance to our national security of the mission and our support for it. We have seen progress over the past few months but the need for strategic patience remains. To paraphrase the US Defence Secretary, we need to stop pulling up the tree by its roots to see if it is growing. There is still a great deal to do, but I believe there is also cause for cautious optimism.

Mr Jim Murphy (East Renfrewshire) (Lab): I welcome the chance to respond and I thank the Secretary of State for his update and for advance sight of it. This is the first opportunity I have had to put on record my thanks and those of the leader of my party and the shadow Foreign Secretary to all who facilitated our recent visit to Afghanistan.

The Secretary of State is right to say that as we go about our proceedings, more than 10,000 fellow Britons go about the business of making the UK more safe by making Afghanistan more stable. As I have reflected before, the courage of our forces is surpassed only by their modesty. I also put on record our appreciation of the efforts of our diplomatic and development staff in Kabul and throughout Afghanistan, many of whom we met. Theirs is a tough job and they combine professionalism with more than a little bravery. We remain committed to a cross-party approach to a cross-government strategy. The Secretary of State should know that our default position is to support the Government's efforts in Afghanistan.

The Secretary of State is right to pay tribute to those who died earlier today and those who have died in recent times. No words said in this House can halt the suffering in the family homes of those who have been lost, but those families will know that across the country, there is immeasurable respect for them. They remain in all our thoughts and many of our personal prayers.

The House will be grateful for the right hon. Gentleman's update on the security situation and it will be glad to hear about the progress being made. I wish to ask him two sets of questions: the first about security and the second about diplomacy. On security, he rightly said that violence is concentrated in the south, but there are also concerning reports that violence is increasing in previously peaceful areas, most notably in the north of the country, where the Islamic Movement of Uzbekistan is said to be operating and strengthening the Taliban's ability to attack. How is the coalition, and in particular nations other than the UK and the US, responding to those worrying developments?

The ability of Afghan forces to take ever greater responsibility for their own country will be an incremental process towards 2014, with the most significant recent development, alongside the US military surge, being an Afghan surge of locally recruited forces. In that context, I am pleased to hear the Secretary of State's comments about the Afghan national police being on track to meet its final recruitment targets this year.

We had the opportunity to visit the excellent police training centre in Helmand involving British police forces, which is so important to the literacy and numeracy that the Secretary of State spoke about. He will be as concerned as I am, however, about the assimilation of national police within local communities. A recent UN report showed that in the south, the popularity of the police has dropped over the past year. It strikes me as unsustainable to have a national police force that is only 3% southern Pashtun. How are recruitment practices being modified to ensure that the police force is more reflective of the areas that it is charged with securing? Will the Secretary of State undertake to keep the House informed on a regular basis of the Afghan national security forces' ability to operate independently of ISAF?

Turning to the political process, it is increasingly acknowledged that there will not be a military-only solution in Afghanistan. Although there have been, and will continue to be, military successes, we also need a diplomatic surge to match the military surge. As we moved to the agreed withdrawal date of 2015, a political settlement is not a prerequisite for our withdrawal, but it is undoubtedly a condition for lasting peace.

Many people make comparisons with the peace process in Northern Ireland, including some of the Afghans whom we met in Kabul. Although I believe the similarities are limited, one thing that Northern Ireland teaches us is that the process can be painstaking, even though there were fewer domestic and international actors there and a clearer sense of central authority—conditions that we do not currently have in our favour in Afghanistan. Will the Secretary of State share with the House how he foresees diplomatic efforts within Afghanistan and with her neighbours progressing over the forthcoming year? What are the benchmarks by which the House will be able to judge short-term success?

There are many other major issues that it will be important for Afghanistan to overcome to enjoy lasting peace. There are innumerable financial challenges, with rising unemployment and high levels of poverty fuelling recruitment to the poppy trade and the Taliban. There are rising numbers of internally displaced people, and corruption remains a real problem. I therefore ask the Secretary of State to confirm to the House that he will raise those matters at the Bonn conference, particularly a plan for further support for the Afghan economy. Will he provide an update on negotiations between the Afghan Government and the International Monetary Fund on the Afghan support fund?

On returning from Afghanistan, it struck me that over the past year or so, there had been a shift from a collective feeling of reluctant international pessimism to a sense of cautious optimism. Nothing in the Secretary of State's statement today led me to change my opinion. On behalf of Labour Members, I continue to look to work with him on a bipartisan basis on this most important of issues.

Dr Fox: I am extremely grateful not only for the content of the right hon. Gentleman's response, but for its tone, and I am very glad that the Government were able to facilitate a successful visit to Afghanistan. It is fair to say that we are lucky in this country, because unlike some countries involved in the international coalition, we have a generally unified political position, from which we can give support to operations and to the morale of our armed forces. I am very grateful to the Opposition for that.

On security, the right hon. Gentleman is right that there are small pockets in the north and east where we continue to see trouble—and in some cases exacerbated trouble—but Afghanistan is still most violent in the south, which is where we face the greatest violence from the insurgency. I had the opportunity on my last visit to go to regional command north to discuss the situation with General Fritz. I went there from Helmand, so being able to go out and walk freely in the streets, visit a university and do a small press conference was quite a contrast. We need to be clear that the difference across Afghanistan is huge. We tend to look at Helmand as the typical experience and extrapolate from it, but we need to try to remember that there is a wider Afghanistan too.

It is clear that the Afghan local police will supplement the ANSF. It is also clear that the Government in Afghanistan recognise the need for a bottom-up as well as a top-down approach to policing, and the need to supplement the ANSF where required. If I may say so, the right hon. Gentleman perhaps got his figures mixed up, because the southern Pashtuns are better represented in the Afghan national police than in the Afghan national army, but everybody is aware of that problem.

On the political settlement, all of us, and especially those who have visited Afghanistan recently, have recognised that we are moving into a settlement that is based on the political space and not just on the military space. It has always been the case that both will be required. It is also worth pointing out that we cannot expect a clean-cut settlement, to which the right hon. Gentleman alluded. The settlement will be Afghan-based, Afghan-focused and Afghan-dependent, and it is unlikely to be anything other than messy to those who look at it from the outside. However, we have always said that we need to look both to those who are reconcilable to the Afghan constitution and the concept of democratic government, and to those who are irreconcilable and who need to be dealt with by military means.

Finally, the right hon. Gentleman made an important point on the concept of a regional settlement. Too often, the discussion on Afghanistan is in terms that it is some sort of vacuum, but we must consider its northern neighbours, the relationship with Pakistan, the complex interaction between Pakistan and India, and increasingly, the relationship between Pakistan and China. We need to understand all that in the context of the settlement, and the long-term implications of the settlement in the region. I discussed some of those issues with General Kayani and President Karzai only a week and a half ago. There is an increasing awareness among Afghanistan's neighbours that the countries surrounding them need to play a constructive role in Afghanistan if any of the gains for which so many sacrifices have been made are to be sustainable.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I thank my right hon. Friend for his statement, and particularly for his last few words on involving the international players around Afghanistan in a final settlement. Can he say more about who will lead the political settlement around which we hope stability will be maintained as British and American troops withdraw later in this decade? May I point out that cautious optimism represents painfully slow progress 10 years after this war started, and that a lasting settlement is possible only if there is a political settlement that involves talking to our enemies?

Dr Fox: It is very clear that it is unlikely that a single political initiative will bring all the players into a final settlement, so there are a number of ongoing initiatives. The Prime Minister's role has been very important in having a dialogue with the Government of Pakistan and the Government of Afghanistan on a trilateral basis, and a similar initiative is being undertaken by the US. We must all understand that the key player is Pakistan, which is so important to a successful outcome.

If I may make a plea to the House, a lot of criticism is levied at Pakistan when things are not going right, but it would do us all good to be much more welcoming of the positive measures that are being taken there. Pakistan is in a very difficult situation, but it is still able to assist us. It does us no good constantly to criticise a key ally, or to fail to praise it, when it is making important contributions.

David Miliband (South Shields) (Lab): I thank the Defence Secretary for the open way in which he conducts these quarterly reports. I hope that we can have a longer debate on Afghanistan, because there is a danger that it will become the forgotten war—as we can see from the relatively few Members in their places.

With permission, Mr Deputy Speaker, I have two questions. First, on security, the Defence Secretary did not mention the annual and respected UN security assessments. They were reported in *The Wall Street Journal* in December and showed that security deteriorated across the country in 2010. I wonder whether he will commit to publish those assessments, or a summary of them, because the maps were very clear.

Secondly, I wish to follow up the important comments by the hon. Member for Harwich and North Essex (Mr Jenkin). The regional engagement is central, and I was pleased to hear the Defence Secretary reflect on that. However, a year and a bit on from the London conference we are no closer to the council for regional stability or anything like it, which could put on to a structured basis the regional engagement that he and I know is so important for any political settlement in Afghanistan to have sustainability and confidence.

Dr Fox: The right hon. Gentleman makes several important points. There are few things that would give me more pleasure than trying to persuade my right hon. Friend the Leader of the House to have a debate on Afghanistan. It is very important that Members get more time than is available when simply responding to a quarterly statement. I think many hon. Members would wish to take time to explore in more detail some of the more nuanced issues than is possible in the response to a statement.

[Dr Fox]

If I am not able to get the full assessments published and placed in the Library, I will certainly ensure that summaries are available. On the issue of deteriorating security, we need to be careful about how we measure that. If we are getting a larger Afghan national security force and ISAF taking on the insurgency in more places and challenging them for ground in more places, we are likely to get a rise in the level of violence, but that level is not a good measure of the security situation. It is better to find a way to measure the safety of the population and ensure that we have a balanced view of what security means.

I take on board the right hon. Gentleman's point that we need to make more progress in regional co-operation and involving the regional leaders, but I may be able to provide one moment of optimism. At the Munich security conference just two weeks ago, more than at any time previously I felt a growing awareness of the need to see Afghanistan in its regional context, given the complexities surrounding it. That is something that my right hon. Friend the Foreign Secretary and I want to push forward as quickly as we can. I entirely agree with the right hon. Gentleman that the regional aspect is key to the long-term sustainability and viability of the Afghan state.

Mr James Gray (North Wiltshire) (Con): The whole House will have been saddened by the death of the two young soldiers in Camp Bastion this morning. The return of their bodies to the UK will mean a total of three repatriation ceremonies in a fortnight through RAF Lyneham and Wootton Bassett. Is the Secretary of State yet ready to tell us or make a statement about what will happen to repatriation ceremonies as we move towards the closure of RAF Lyneham? I know that the statement is imminent: when will it be ready?

Dr Fox: I am not able to give those details today, although my hon. Friend is correct to say that we will do so shortly. I am sure that the House would agree that it is not so much where we honour our war dead, but how we do so. Wherever those ceremonies take place, it is essential that those who have made sacrifices are treated with all due respect and honour.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): May I, too, pay tribute to the soldiers serving in Afghanistan? I recently had the privilege of meeting some of them when we were there with the Defence Committee, especially those of the Royal Irish Regiment based at Nad Ali, who are doing an excellent job in driving back the Taliban. Perhaps not enough is said in public about the success that our armed forces are enjoying. That, sadly, is not matched by the political progress that is being made and I echo the comments of the Opposition spokesman. More could be done on the political side of things, especially with the Afghan Parliament. We in Northern Ireland, who have some experience of negotiating political arrangements and taking care of the rights of minorities, would be happy to sit down with our Afghan counterparts and share our experience with them.

Dr Fox: I am grateful for that offer. I have often thought about how, through our development aid, we are willing to give advice on economics and bureaucracy but still seem to expect people who have never had experience of political life suddenly to be able to be politicians. I would have thought—if I may say so—that one thing we have plenty of in this country is ex-politicians. We should be trying to find a way of using our experience at all levels of government to assist with the skills level necessary for politics in Afghanistan to succeed. Why do we assume that people require professional assistance in every other walk of life, but that somehow people can learn instantly to become democratic politicians? There is room for improvement in that area.

Dr Andrew Murrison (South West Wiltshire) (Con): What confidence does my right hon. Friend have in the principal overland supply route from Karachi, particularly given the recent unwelcome attention of the Pakistani Taliban and on occasions—sadly—the attitude of Islamabad? Furthermore, what alternatives is ISAF planning to the north and the west on the extremely colourful map with which he has provided us?

Dr Fox: Sadly, being colour-blind, I cannot share in the enthusiasm on that last point. However, I say to my hon. Friend that we always have to consider the wider security picture to ensure that we can maintain our supply routes. As he correctly said, there have been problems recently with the southern supply route, and certainly the Americans are increasing their dependence on the northern route. Along with our ISAF partners, we will consider what changes we might have to make in the balance between those supply routes to ensure that we never compromise the essential links on which our armed forces in Afghanistan depend.

Mr Geoffrey Robinson (Coventry North West) (Lab): May I, as others have done, compliment the Secretary of State on the considered tone of his statement? However, little was said in it about the prospect of a political settlement involving all the parties, including the regional ones. Although it might be impossible for him to include a section on that, given the dire security implications, will he bear it in mind that his view is shared throughout the House and the country? We are not seeking a military victory—one is not possible—in this set of circumstances. Furthermore, a political settlement will be protracted and difficult, so the sooner we get on with it the better, and the more he will be able to tell us about it.

Dr Fox: The hon. Gentleman is correct that increasingly attention will be focused on the political element of a settlement in Afghanistan. Those who have visited it recently will have been struck by the fact that on the ground, at a tactical level, we are certainly making gains. The security picture on the ground is improving, in some cases beyond recognition. However, the problem remains at the political level. It remains this: how do we persuade those in Afghanistan that there is a better future for them under a democratic constitutional Government? This year we have a major opportunity. One of the Taliban's great propaganda weapons has been to say that the international community will be leaving in July 2011. However, when it becomes clear not only that we are not leaving, but that we are building up the Afghan national security forces, we might deny it one of its best cards. We should be preparing, therefore, for a political push in the second half of the year on reconciliation

and reintegration. That is when we will find that we have a better following wind than in recent times. We will pay a high price if we miss that window.

Alec Shelbrooke (Elmet and Rothwell) (Con): Drawing on my right hon. Friend's comments about Pakistan, I ask him to update the House on his assessment of what would happen to the stability of Pakistan were we to withdraw our troops in the very near future.

Dr Fox: There would be a real risk of instability in the whole region. Again, I go back to the issue of Pakistan. When one talks to the political or military leaders in Pakistan, one finds an increasing understanding that they cannot simply deal with the Pakistan Taliban and not deal with the Afghan Taliban, because ultimately there is a threat to the stability of the Pakistani state itself. The concept that we must fight a common threat together is one that is increasingly understood in Islamabad. Although we will have criticisms of what might not be done in Pakistan, we should also welcome political and military activities there that are helping in what is increasingly regarded as a common fight.

Mrs Madeleine Moon (Bridgend) (Lab): The Select Committee on Defence was able to see first hand how the training of the Afghan national security forces is improving and how the investment is paying dividends. However, Afghanistan has a very small air force—an excellent air force, but a small one—and will never be able to provide its own strategic air cover. What role does the Secretary of State see Britain's RAF playing in providing that air cover, in the way that it did over Iraq for the Kurds? Does he see that as part of our ongoing commitment, and is he happy that we will have the capacity, in pilots and planes, to carry that through?

Dr Fox: Strategic air cover for Afghanistan is some way down the line, but it will be required when there is a stable state able to maintain its own security. That, of course, is some way in the future, but given that Afghanistan's capacity will be small, as the hon. Lady said—at the moment it is well behind where it needs to be—how arrangements for that process are put in place will be a matter for the whole of the international community, not just the United Kingdom.

Mr Adam Holloway (Gravesham) (Con): There are many Afghans outside the ruling clique who believe not only that the exit strategy will not work in the long term, but that it is fatally flawed and in fact cannot work. General Petraeus's strategy has been described as "Fight, then talk". Does the Secretary of State think that we ought to be fighting and talking, and that this should include talking to all modes of the insurgency?

Dr Fox: History teaches us that in any insurgency or conflict, we inevitably move from a military phase, taking on the violence of insurgency, into a phase where there is both military contact and diplomatic activity, and hopefully from there into a phase of diplomatic resolution on the political stage. I think that we are at a point where, as I said earlier, we will increasingly be looking not simply at the military position or the security situation on the ground, but at the political level. What has come across in the House this afternoon appears to be an increasing view on both sides that the political arena will be increasingly important. That is in no way to diminish the importance of the security environment within which those political talks will take place, but without the success of the political element the security gains will not provide a stable and secure Afghanistan.

Mr David Crausby (Bolton North East) (Lab): Following today's announced cuts in RAF training, which will deny us the use of pilots who are virtually qualified, what guarantees can the Secretary of State give on the impact on heavy lift supplies to Afghanistan, which the Afghans will never deliver themselves, and the delivery of helicopter support to both our troops and theirs on the ground? Surely he realises that the Government must not impose an increasing burden on a diminishing number of our pilots.

Dr Fox: There were in fact no cuts announced today, other than in some of the newspapers, which were catching up on some of the announcements in the SDSR. No changes that were made in the SDSR will have any impact on operations in Afghanistan.

Penny Mordaunt (Portsmouth North) (Con): I also recently visited Afghanistan and can testify to the excellent job that our armed forces are doing in carrying out their duties. I do not believe that the same can be said of President Karzai or Members of the Afghan Parliament, and this is not just a capacity or knowledge issue: there is also too little focus on human rights and the quality of life of the Afghan people. Does the Secretary of State agree that we must address the political deficit, to ensure that in the long term the blood and treasure that this country is spending for the benefit of both our countries will not be in vain?

Dr Fox: I agree with my hon. Friend, but I think that the signs are perhaps more optimistic than she suggests. Certainly, those who have had regular meetings with President Karzai will recognise that, since the Lisbon summit, he has become less worried about the time lines of 2011 and the summer deadlines that he previously believed to be extremely important. He is now more focused on the 2014 transition. That has had a beneficial effect on the ability of the Afghan politicians to look at the wider range of issues, and we will continue to stress the need for that in our ongoing engagements with President Karzai and other members of the Afghan Government.

Mr Denis MacShane (Rotherham) (Lab): Will the Secretary of State confirm that the small country of Georgia has actually lost more soldiers in Afghanistan than NATO nations such as Belgium, the Czech Republic, Hungary, Latvia and even Turkey? Will he also confirm that Georgia has more soldiers serving there than NATO countries such as Belgium, the Czech Republic, Greece, the Netherlands, Portugal, Slovakia and Slovenia? Will he pay tribute to Georgia for that? Georgia cannot join NATO because we now have to be nice to Moscow, but I know that the Secretary of State likes his travelling, so will he find time to pay a short visit to that country to say thank you for the sacrifice it is making?

Dr Fox: I can reassure the right hon. Gentleman, because I was in fact able to make our thanks known directly to the President of Georgia when I met him last week at the Munich security conference. The great benefit of such conferences is that they diminish all our travel while enabling us none the less to engage in the necessary diplomacy. The right hon. Gentleman makes the important point that some of the small nations that have been involved in Afghanistan have set a wonderful example to some of the larger ones—those that I might characterise as the sleeping giants. Some of those small countries, including Georgia, Estonia and Denmark, have made a disproportionate contribution. They should be extremely proud of what they have done, and all democratic politicians in the House should be willing to thank them whenever we can.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): In the past, my right hon. Friend has mentioned the fact that 11,000 of our troops have been in Afghanistan, which is a very high number. Would he be willing to confirm that that is the case? Will he also join me in paying tribute to 3 Commando Brigade, which is soon to go to Afghanistan, and in wishing it Godspeed and hoping it comes back safe and sound?

Dr Fox: It is always the wish of Members on both sides of the House that our troops should come back with the minimum of loss, given the wonderful job that they do on our behalf. As I have said today, the number of our forces in Afghanistan is regularly above 10,000. It has, on occasions, reached the 11,000 mark, but that is not the case at present. That is inevitable, however, given the complexities of the reliefs in place, the rest and recuperation changes and the temporary surges that I described earlier. I hope that I gave the House a proper description of what is happening on the ground. I think that it is better to make it transparent when we deploy increased numbers, so that the House and the country can thank every one of our service personnel for the level of sacrifice that they are making.

John Woodcock (Barrow and Furness) (Lab/Co-op): The Secretary of State has made it clear today that troops "may" begin to be withdrawn this year, depending on the conditions. However, the Prime Minister has previously stated that troops will begin to be withdrawn this year. Did the Prime Minister inadvertently mis-speak, or has the position changed?

Dr Fox: The Prime Minister has made it very clear that, although we would like to see British troops coming home as soon as possible—which family of any member of our armed forces would not want to see that?—that will happen when conditions on the ground are appropriate. As I said today—I repeat the Government's position—it may be possible to see some troops coming home this year, but that will be dependent on the conditions on the ground.

Dan Byles (North Warwickshire) (Con): It is sometimes easy, when talking about regional geopolitics, to forget the individual soldiers sweating on the front line. Is my right hon. Friend now satisfied that the troops have the equipment that they need to do the job?

Dr Fox: I am not sure that I am the best person to arbitrate on that question. From discussing the issue with our troops on the ground and their commanders, I know they will say, particularly since the American surge, which has made a difference to the whole dynamic in Afghanistan, that there has been a change in the overall level of equipment. I think that since our engagement in Afghanistan started, there has been an ongoing improvement and refining of personal equipment—the individual equipment—for our armed forces. I think that that will continue to change as circumstances change. One thing that is very clear is that the Government remain absolutely committed to ensuring that our troops on the ground have what they need to do the job.

Paul Flynn (Newport West) (Lab): Still optimism after 10 years! That is a longer period than the first world war and the second world war combined—a period throughout which our British soldiers have been dying in Afghanistan. There are 356 dead—twice the number killed in Iraq and three times the number killed in the charge of the Light Brigade, an event of similar futility. The Secretary of State's optimism is based yet again on his being in denial of the reality. Would he like to tell us about the army and the police in Afghanistan—not the numbers joining, which he has told us about again and again, but the numbers of those dismissed or who have deserted since his last statement?

Dr Fox: If the hon. Gentleman wants always to focus on the problems we face, there is a long list from which to choose. To say that we are in denial of the overall position, however, is simply not to be in full command of the facts. Anyone who has visited Afghanistan will be well aware that there is a big improvement in the security position on the ground.

Paul Flynn: How many?

Dr Fox: If the hon. Gentleman has the manners to let me answer his question, I will do so.

There is undoubtedly still a problem with the capability of the Afghan national security forces—it is not just a matter of the numbers in the Afghan army and the Afghan police, but they are improving. The ability to train them in specialist tasks is also improving. If there is a weakness in the case, it is the fact that not all the partner nations are contributing to the extent that they could in the NATO training mission in Afghanistan, which would provide some of the wider ranges of skills. The improvement in literacy is driving up the standards. Given the cynicism that the hon. Gentleman brings to these debates, let me point out that General Karimi cited one young soldier who said:

> "The Taliban want to keep me in the dark. My army will teach me to read and write so I can come into the light and make my own decisions."

Who are we to want to turn that light off?

Mr Peter Bone (Wellingborough) (Con): I thank the Secretary of State for making his statement and also, on behalf of the House, for giving us the back-up information and for announcing in advance on the Order Paper that this statement was to be made. I would like to echo his tribute to our special forces, who are not often mentioned

but who do a terrific and excellent job. How does my right hon. Friend propose to wake up the sleeping giants so that they contribute more to the operations?

Dr Fox: With difficulty, but persistence. The former Foreign Secretary, the right hon. Member for South Shields (David Miliband), is no longer in his place, but I am thinking of the discussions we had when we were in opposition. This has been an ongoing problem. It is simply a matter of continuing to press the idea that if we all want the collective benefits of a stable Afghanistan, we all have to contribute to making it happen. I know that the Foreign Secretary, the Prime Minister and I never waste an opportunity to remind all our partners in Afghanistan that everyone must play a maximal role if we are to achieve the success we want—particularly, in view of the deficit we still face, in the NATO training mission. We are short—290 short at the moment—of police trainers. If anyone is listening to our exchanges in any of the countries mentioned, they might want to take note.

Budget Responsibility and National Audit Bill [*Lords*]

Second Reading

5.54 pm

The Economic Secretary to the Treasury (Justine Greening): I beg to move, That the Bill be now read a Second time.

Fiscal responsibility is the overriding priority of this Government. In May, within 24 hours of taking office, we published a coalition agreement setting out our agenda for government. Fiscal responsibility was the very first item on the very first page of that agreement. It read:

"deficit reduction and continuing to ensure economic recovery is the most urgent issue facing Britain."

Let me remind the House why we chose that as our priority. We inherited the largest budget deficit in our peacetime history, we inherited a budget deficit forecast to be the largest in the G20, and we inherited the largest structural deficit in the whole of Europe. We simply could not ignore the mountain of debt that was casting a shadow over our economy and our people, so we set ourselves an ambitious task—to bring order back to the nation's finances. The Bill aims to do exactly that.

Mr Mark Field (Cities of London and Westminster) (Con): Will the Minister add one more criterion to her list—that a moral case needs to be made for ensuring that we do not pass on to future generations the debts that have been racked up for the consumption of the generations alive today?

Justine Greening: I agree absolutely. Far too often we fail to make the point that the penalty for not dealing with the deficit today will be to hand on even bigger debts to our children tomorrow. They will not thank us, and should not thank us, if we fail to address the urgent crisis that we have come into government to tackle.

Before I get into the detail, I would like to set out again the Government's broader fiscal objectives. This coalition Government believe that fiscal policy should ensure that the national finances are sustainable. As I have just said, sustainable public finances mean that future generations will not need to pay for the services enjoyed by all of us today. Sustainable public finances mean that the economy can expand and grow without the fear of tax hikes and spending cuts in the future. Sustainable public finances also mean that monetary policy can operate effectively and stabilise the economy, when needed. With that in mind, we have taken decisive action since taking office.

In May, we had immediate reductions to in-year spending, which bought us much-needed breathing space in the sovereign debt storm raging across Europe. The emergency Budget in June was the moment when fiscal credibility was restored. At the Budget, my right hon. Friend the Chancellor set out the Government's fiscal mandate. Our first goal within the mandate is to balance the structural current deficit by the end of a rolling five-year forecast period.

Mr William Cash (Stone) (Con): My hon. Friend may remember that before the election, a number of us took grave exception to the fact that the then Government were not telling the truth about the full extent of the

[Mr William Cash]

debt. Will she give us an assurance that this Government will tell the truth to the British people, in line with the National Audit Office and Sir Michael Scholar, so that they know what the Budget deficit really is?

Justine Greening: My hon. Friend makes an excellent point. The way to provide that guarantee and certainty is to pass the Bill before us today, which sets up the Office for Budget Responsibility—but does so, critically, as an independent organisation that will make its own forecasts. In so doing, it will contribute to being independent of Governments and provide credible official forecasts for the first time in our country. That will give us the certainty we need. I will come on to explain later how we ended up needing official forecasts to be done independently, referring to the problems that had arose prior to this Parliament.

Mr Edward Leigh (Gainsborough) (Con): The Government have a serious political difficulty, to which the Justice Secretary referred over the weekend, giving rise to a considerable amount of publicity. All over the country, local authorities are loading cuts on to front-line services, yet we read today that scores of local authority executives earn more than the Prime Minister. What is the Minister's message to local authorities? Will she insist that they deliver real efficiency savings to avoid these cuts in front-line services, which are so politically damaging?

Justine Greening *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. I would be grateful if the Minister answered that question in relation to the Bill before the House.

Justine Greening: No doubt my hon. Friend will be encouraged to learn of our belief that our efforts to cut back-office costs and protect front-line services in Whitehall should be replicated in town halls.

Key to understanding progress against the Government's fiscal mandate are strong, credible, independently conducted official forecasts. Our first goal is to balance the structural current deficit by the end of a rolling five-year forecast period, our second is to see the public sector debt ratio fall at a fixed date in 2015-16. The measures that we set out in the Budget, along with the departmental allocations that we set out in the spending review, constitute a four-year plan to meet that fiscal mandate. We are currently on track to meet the mandate one year early, in 2014-15.

Kate Green (Stretford and Urmston) (Lab): I understand the Government's objective to reduce public debt over a fixed period, but what flexibility does the Minister feel needs to be built into the system to take account of unexpected economic circumstances and shocks?

Justine Greening: I have just defined that flexibility. Although we want to balance the structural current deficit by the end of the rolling five-year forecast period, we are, as I have said, on track to meet the mandate one year early. We are clearly ensuring that we will achieve our overall objectives. By the end of the current Parliament we will have completely eliminated the structural current deficit, and the debt ratio will be falling. That is our four-year plan for restoring order and stability to our nation's finances, which has been praised by the international community and welcomed by the financial markets.

Sajid Javid (Bromsgrove) (Con): The Minister refers to praise from the international community. If she was referring to the International Monetary Fund, I welcome that praise. She will also be aware that the IMF's independent evaluation office reported last week that it had felt intimidated and bullied by the Treasury in which the current shadow Chancellor, the right hon. Member for Morley and Outwood (Ed Balls), and the Leader of the Opposition played a key role between 2004 and 2006, and that it had been forced to water down its criticism of United Kingdom fiscal policy. Will she reassure the House that, as the IMF has praised this Government's plans for the OBR, it seems that we did not intimidate it as the last Government did?

Justine Greening: I hope that we will have an altogether more constructive relationship with the IMF. In fact, it has already commented on the background to the need for this Bill. In November last year, it stated that the recent crisis led the UK to suspend its two national fiscal rules—the golden rule and the sustainable investment rule—at the end of 2008, and that the credibility of the national rules as effective constraints of policy action was weakened well before the crisis. It went on to say that the rules failed to prevent a worsening of the fiscal balance in the years leading up to the crisis, leaving insufficient buffers as the economy entered the downturn, and that while in place the golden rule was often criticised becauseit provided insufficient monitoring, transparency and accountability of fiscal policy. That was the IMF's assessment of the previous fiscal mandate, and I think that it demonstrates clearly why it was so ineffective in tackling the problems that our country experienced. In many respects, it provided the ground on which those problems were able to prosper and grow.

Claire Perry (Devizes) (Con): Does the Minister agree that the problem when the Treasury sets rules of that kind is that such rules can be broken, manipulated and "gamed" for entirely political reasons? Following the establishment of the OBR, for the first time we will have a Treasury that focuses on real control of the public finances and value for money for the taxpayer, rather than a policy-making, press release-driven organisation.

Justine Greening: My hon. Friend makes an excellent point. We cannot allow the Treasury to be judge and jury. That was the problem under the last Government. The Institute for Fiscal Studies said recently:

> "If an OBR had been in existence over recent years it might have discouraged Gordon Brown from persevering with fiscal forecasts that most independent analysts thought over-optimistic from 2002 onwards."

We believe that the OBR can have a real impact on the Government's financial and fiscal management.

We are clear about the fact that we need to put our country's public finances back on a sustainable footing. Both the IMF and the OECD went from issuing warnings and cautions about the UK's economy and public finances to describing the measures introduced by the coalition Government as "essential" and "courageous". Only a couple of weeks ago the Secretary-General of the OECD

urged the British Government to stay the course, and we will. Our bold action has taken Britain out of the financial danger zone, but we must not forget that none of this would have been possible without the crucial first step of increasing the credibility of our fiscal framework. The Bill will put on a statutory footing our reforms of the way in which fiscal policy is conducted in this country.

Let me remind the House of the origins of the Office for Budget Responsibility. Within a week of taking office, we had set up a new independent body to return credibility to official forecasts. Until then, the final decision on official Government forecasts had always been made by the Chancellor and his advisers—one of whom is now shadow Chancellor—rather than by independent experts. Over the past 10 years, the last Government's forecasts for growth in the economy have been out by an average of £13 billion, and their forecasts of the budget deficit three years ahead have been out by an average of £40 billion. Unsurprisingly, those forecasting errors have almost always been in the wrong direction.

Alec Shelbrooke (Elmet and Rothwell) (Con): The transparency that the Bill brings to finances is part of an overall package of transparency. My hon. Friend mentioned budgets that have overrun. Does she agree that the Bill will help to prevent Departments from losing control of their budgets in the way that was described recently by a senior civil servant?

Justine Greening: My hon. Friend is right. The fact that, for the first time, official forecasts will be prepared by a body that is independent of the Treasury is critical. It will not only return credibility to the assessment of whether the Government are on course to meet their fiscal mandate, but will make that more likely to happen. I believe that Governments will be reticent about introducing policies that seem to take them off course. There is a clear distinction between the responsibilities involved. The fiscal mandate and the policies will continue to be determined by Ministers. It is not for the OBR to do that; what it must do is assess the economic and fiscal forecasts in the light of those policies, and in the light of their likelihood of meeting the fiscal mandate.

Katy Clark (North Ayrshire and Arran) (Lab): Does the Minister agree that growth is key to economic recovery, and that the recent negative growth figures have destabilised the Government's economic policy? Is it not worrying that the OBR has already revised its growth forecast from 2.6% when the Government took power to 2.3% following the emergency Budget, and to 2.1% following the spending review?

Justine Greening: I think that demonstrates the value of the OBR. For the first time we shall have a set of entirely independent forecasts to which Members can refer.

The hon. Lady has strayed on to the detail and implications of the policy, and I think that it is perfectly fair for her to do so. We have always said—I believe that Mervyn King, the Governor of the Bank of England, said the same last year—that the recovery would be choppy. It is not at all unusual for an economy emerging from recession, particularly a recession as long and severe as the one that we have undergone, to experience at least one instance of either flat or negative growth.

I do not want to be called to order, Mr Deputy Speaker, so I shall move on. Let me simply say to the hon. Lady that she has confirmed my point that benefiting from independent forecasts for the first time will be key to holding a good-quality, informed political debate about the Government's economic policy and how it is progressing, and that the OBR has also said that we are on course to achieve our fiscal mandate.

Mr Peter Bone (Wellingborough) (Con): Will the Minister clarify something for me? If the OBR says that growth will be x in the next year, must the Chancellor abide by that? Obviously, measures in his Budget may encourage growth: he may cut taxes, for instance.

Justine Greening: The OBR makes an independent fiscal forecast and assessment of the economy. The Treasury may or may not agree with that forecast and assessment, but the point is that it is done entirely independently of the Government. Rightly, however, it will remain the prerogative of Ministers to decide policy. That is the clear distinction we have set out throughout the Bill.

We needed to make sure that we have official forecasts for the economy that the public can trust, even if that means we end up giving away some of our powers as Treasury Ministers. As my right hon. Friend the Chancellor has said, we need to fix the Budget to fit the figures, not fix the figures to fit the Budget. That is why the OBR was established, and the Institute for Fiscal Studies has said it is a "welcome" innovation.

To enable the OBR to get to work immediately, it initially operated on a non-statutory basis. It was headed by Sir Alan Budd, a highly respected fiscal and macro-economic expert in our country. The interim OBR produced an independent assessment of the economy and public finances both ahead of, and at, the Budget in June. We gave it direct control over that forecast, with full access to all the data, assumptions and economic models. It made all the key judgments and decisions underpinning the economic and fiscal forecasts. Great strides were also made in transparency. More information was published than ever before. That fact was noted by both the Treasury Committee and the IFS.

Andrea Leadsom (South Northamptonshire) (Con): As a member of the Treasury Committee, may I say that it was incredibly valuable to be able to challenge the OBR members who were present and Government Ministers? From our point of view as representatives of Back Benchers, the process was very useful.

Justine Greening: I welcome that helpful intervention. My hon. Friend will no doubt be aware that the Treasury Committee inquiry into the OBR described Sir Alan Budd as an "exemplary" witness. In putting together this Bill, we took on board the Committee's points, and I am sure my hon. Friend will be happy about the unprecedented role the Committee will play in appointments to the OBR.

The final task of the interim office was to provide advice on how the permanent, statutory OBR should be established. I am happy to report to the House that the Bill is designed in line with the detailed recommendations made by Sir Alan Budd in his letter to my right hon. Friend the Chancellor. We have now moved to permanent

[Justine Greening]

arrangements. This Bill enshrines in statute provisions to ensure the OBR's independence. Robert Chote has been appointed as the OBR's first permanent chair. His appointment was confirmed by the Treasury Committee. He is supported by Graham Parker and Steven Nickell, whose appointments were also confirmed by the Committee.

The permanent Budget responsibility committee led on the production of the OBR's economic and fiscal outlook, published in November. In addition, the resources made available to the OBR have been increased. There has been a transfer of technical forecasting capacity from the Treasury to the OBR, and a transparent, multi-year funding settlement has been agreed for the spending review period. The OBR has also moved to a new external location outside the Treasury building.

Let me now turn to the detail of the Bill. We debate this Bill after the constructive scrutiny the other place has given it. The other place welcomed the Bill. Part 1 includes provisions on the new framework for fiscal policy. Clause 1 sets out the need for the Treasury to produce a charter for Budget responsibility setting out the formulation and implementation of fiscal policy. In particular, the charter will set out the Government's fiscal objectives and the fiscal mandate, and a draft of the charter is available to Members alongside the Bill.

Clause 2 requires the Treasury to produce a Budget document on an annual basis. The detail of exactly what needs to be covered within the annual Budget document is set out in the charter. The Bill also repeals the legislative aspects of previous Governments' fiscal frameworks, including the Fiscal Responsibility Act 2010, a pointless piece of declaratory legislation that would have made no improvement in fiscal planning, instead merely setting up another set of targets that Ministers would assure us they were going to meet right up until they missed them.

Clause 3 provides for the existence of a statutory body called the Office for Budget Responsibility. Clause 4 sets out the main duty of the OBR, which is to examine and report on the sustainability of the public finances. This is a broad remit, which means that the OBR will not be limited to forecasting alone. At a minimum, the remit of the OBR means it must produce the following: assessments of the likelihood that the Government will meet their fiscal mandate alongside each forecast; a sustainability report at least once a year; a report on the accuracy of its forecasts at least once a year; and full economic and fiscal forecasts at least twice each year. Beyond these tasks, the OBR will be able to undertake any research and analysis pursuant to its remit.

Clause 5 describes how the OBR is to fulfil its duties. Crucially, it includes a set of principles—objectivity, impartiality and transparency—to guide the OBR in fulfilling its remit. It also requires that the OBR must not analyse or develop non-Government policies. Analysis is rightly the domain of the OBR, but, as I have said, policy making is the responsibility of publicly elected Ministers. These principles protect independence. Clauses 5 and 9 also put in place explicit provisions for the OBR to have complete discretion over the way it carries out its statutory duties, giving it full access to the information it requires to do so. The remaining clauses in part 1, as well as schedule 1, set out further detail of the operation and governance of the OBR.

We have sought to reflect the theme of independence in the constitution and governance of the OBR. In line with the recommendation of the International Monetary Fund, the OBR is established with its own legal personality and will operate at arm's length from Ministers as an executive non-departmental public body. The OBR's executive functions will be undertaken by a three-person Budget responsibility committee. The members of this committee will be appointed by the Chancellor. To support independence, the Bill makes provision for the Treasury Committee to veto all appointments and dismissals. That statutory veto bestows on the Committee more power than it has over any other public appointment. The Chancellor has said that he is giving the Committee this veto to ensure that there is no doubt that the individuals leading the OBR are independent and have the support and approval of the Committee.

A chairman will lead the BRC and run the OBR. All staff will report to the chair, and that person will control the "hiring and firing" of the staff. The staff will be civil servants, ensuring that the OBR can recruit from the widest possible pool of expertise. There will also be at least two non-executive members, to provide support and challenge to the OBR. The non-execs will report on how the OBR performs its duty. They will also commission expert peer review of the OBR's forecast and analysis.

The OBR will report directly to Parliament, with its forecasts and reports laid directly in the House, as was the case with the autumn forecast in November 2010. Written questions from Members will be passed to the OBR to respond to, and the members of the BRC will be available for Select Committee scrutiny.

The provisions in part 1 represent a permanent improvement to economic policy making and the transparency of government. Britain is now one of the first advanced economies to have an independent fiscal agency that produces official fiscal and economic forecasts. It is therefore no surprise that these reforms have attracted praise from the IMF, and they put us at the cutting edge of international best practice. I hope that the world will look with interest at our policy innovations.

Part 2 modernises the governance of the National Audit Office. The goal of the NAO is to maintain effective independent oversight of spending. The Bill's provisions will strengthen the NAO at this critical time of scarce public resources. Members will be aware that very similar provisions were included in the previous Government's Constitutional Reform and Governance Bill, which passed through this House with cross-party support. However, there was no time for the other place to consider those provisions at the end of the last Parliament, and this Bill represents the earliest opportunity to bring them back before Parliament. The provisions are aimed at implementing the recommendations made by the Public Accounts Commission following its review of NAO corporate governance.

As a result of this Bill, the office of the Comptroller and Auditor General will continue to exist; the CAG will be an independent officer of this House and will be limited to a single 10-year term. The NAO will be established as a new corporate body in its own right. I do not propose to go into great detail on those provisions, given that when they were discussed during the passage of the Constitutional Reform and Governance Bill the then Chairs of both the Public Accounts Commission and the Public Accounts Committee supported

them. I also understand that the new Chair of the Public Accounts Committee has indicated that she is content.

In summary, the provisions in this Bill will bring confidence and responsibility back to our country's fiscal framework, with stronger institutions and improved governance. They are as crucial for the long term as they are for the short term, and I commend the Bill to the House.

6.20 pm

Ms Angela Eagle (Wallasey) (Lab): The Bill makes changes to the responsibilities exercised by the Treasury in fiscal policy making, establishes the interim Office for Budget Responsibility on a permanent statutory footing and modernises the governance arrangements of the National Audit Office. I wish to make it clear at the outset that we support the sensible changes to the governance of the NAO which, as the Minister pointed out, are proposed in parts 2 and 3 of the Bill. We do so not least because they were our reforms. As she was good enough to observe, we set them out in the Constitutional Reform and Governance Bill towards the end of the previous Parliament. As someone who has served three times as a member of the Public Accounts Committee—once in opposition, once in government and once as a Treasury Minister—I am glad to see the reforms getting on to the statute book, despite the extra obstacle presented by the intervention of a general election. I also wish to thank the Minister and the Government for the open mind that they showed to Labour amendments during the passage of the Bill in the Lords. I hope that she will show a similar approach to the amendments that we will table in Committee.

The creation of the OBR seeks to apply to one narrow part of the UK's fiscal institutions some of the autonomy that Labour brought to monetary policy when we made the Bank of England independent—of course, we took steps to make the Office for National Statistics independent too. As the House of Commons Library has pointed out, there are examples of similar bodies in other countries. Austria, Belgium, Canada, Denmark, Hungary, Holland, Slovenia, Sweden and the USA all have some arrangements for independence in forecasting and analysis of the national fiscal situation.

The reform was initially sold by the Chancellor, with much fanfare, as one that would take the politics out of economic forecasting. In doing that, he gave the entirely false implication that previous Ministers had somehow been instructing hapless officials in the Treasury to produce incorrect but politically convenient forecasts. The reality is that the previous Government published a range for gross domestic product growth, and in all the years before the crash on only two occasions did growth fall below the range that the Treasury published. In the other years, the figure fell either within the range or above it, thus showing that we were exercising caution. We were not fiddling the figures. That level of accuracy is about all that any of us can expect from economic forecasting, which is a notoriously unreliable art rather than an objective science. Let me share a quote with the House:

> "Economic forecasting, by its very nature, is subject to uncertainty. Our judgement is that, at this stage of the economic cycle, the outlook is even more uncertain than usual."

That was the OBR's comment on its forecasts in June 2010. However, I have found evidence of one occasion when a Chancellor overruled the Government's forecasters, and the House may be interested to hear about it. In 1996, the then Chancellor, who is now the Secretary of State for Justice, was reported to have increased the growth forecast from 2.5% to 3% in order to make way for pre-election tax cuts. The chief forecaster he overruled was, by some odd coincidence, Sir Alan Budd, the curiously short-lived first head of the interim OBR.

Matthew Hancock (West Suffolk) (Con): I am sure that the hon. Lady was not about to move on from talking about forecasts having spoken only about growth forecasts, not about the previous Government's dreadful record on fiscal and deficit forecasts.

Ms Eagle: The important thing to note about forecasts, particularly those on the tax take, is that it is difficult to be accurate with them. When I served on the Treasury Committee prior to becoming a Treasury Minister, there was comment on how accurately the Treasury was able to forecast the tax take. Clearly, it is more art than science, so the House would be mistaken to believe that because something has been forecast, it is automatically an objective certainty. Those of us who deal with these issues, on both sides of the House, know that forecasting the economy can be as uncertain as forecasting the weather—Michael Fish found out how uncertain that can be one night. Forecasts are what they are; they can sometimes be wrong and sometimes they can be accurate. I honestly think that, in general—I am not making a party political point—the Treasury has a reasonably good record on forecasting.

Jacob Rees-Mogg (North East Somerset) (Con): I entirely agree with the hon. Lady on the difficulty of forecasting, as even the best economic forecasters get it wrong, but I wonder whether she was as shocked as I was to read in the *Financial Times* about the bullying of the International Monetary Fund by the Treasury and the Financial Services Authority. Was that not a pretty disgraceful way to behave?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We are in danger of going off into past subjects. The hon. Lady may be tempted to answer, but we have to deal with the Bill before us and not with speculation in a newspaper about bullying. I think that we will stick to the Bill.

Ms Eagle: Thank you, Mr Deputy Speaker.

Let me be the first to say that the Opposition support an independent OBR, so long as it is indeed independent. In that respect, the OBR has some ground to make up and some points to prove after its very difficult start in life. Initially it was located a few doors down from the Chancellor in the Treasury and consisted entirely of Treasury civil servants. Its much vaunted "independence" was utterly compromised in June last year when it was unwisely bounced into the politically convenient early publication of employment forecasts, suspiciously just ahead of Prime Minister's Question Time—the Minister did not refer to that incident. The forecasts themselves turned out to be controversial and the OBR ended up looking more like an offshoot of the propaganda machine inside Conservative central office than an independent and trusted forecasting organisation. Sir Alan Budd,

[Ms Angela Eagle]

the interim head of the OBR, announced his shock departure shortly afterwards. We may well have to wait until he writes his memoirs to find out exactly what really happened.

Several hon. Members *rose—*

Ms Eagle: I will give way in due course.

The OBR must work hard to establish a reputation for independence after that extremely shaky start, and I look forward to its new head, Robert Chote, demonstrating major improvements in that respect.

Andrea Leadsom: The hon. Lady may be aware from reading the Treasury Committee's report on the original independence of the interim OBR that colleagues on her own side quizzed Sir Alan Budd and others very closely on that point. The Committee's report makes it very clear that there was nothing to answer, that the OBR had indeed acted independently and that it had not been in hock to the Government.

Ms Eagle: Nevertheless, independence has to be perceived to be there too. No matter what individuals behind the scenes know, part of consistency and the whole point of such independence is that it is accepted across the political spectrum and in the country as a whole. If that is not the case, the organisation does not have the credibility that the reform creating it sought to establish. That is why I look to Robert Chote, who has moved out lock, stock and barrel from the Treasury, to begin to establish that reputation.

Justine Greening: It is only right that I should put on record the comments of Sir Alan Budd, in his report on the progress of the interim OBR, on the issues that the hon. Lady has raised—budget forecasts and interference. On the fact that some Treasury officials perform both roles of giving advice to the Chancellor and helping the OBR to produce the forecasts, he clearly said in paragraph 31:

"We do not believe that this involved any conflict of interest."

In relation to how the OBR should operate and the issuing of forecasts, he said in paragraph 44:

"We are also able to state, without reservation, that there was no ministerial involvement in the forecasts at any stage."

The hon. Lady uses Alan Budd as an example of someone who was somehow manipulated, but does she accept that his comments do not bear that out? Perhaps she would like to withdraw her comments.

Ms Eagle: This concerns those who allowed the bringing forward of estimates of job losses caused by the Government's decisions on fiscal consolidation, which happened to be published just ahead of a Prime Minister's Question Time at which that was to be a point at issue. Clearly, the relevant people should have realised the effect that that coincidence would have on the OBR's reputation for independence when it had only just been set up.

On the Minister's point about whether the OBR should use Treasury forecasters, Lars Calmfors, the chair of the Swedish fiscal policy council, has contrasted the arrangements in the Bill with those in Sweden. He said that it is very difficult when the OBR is working very closely with Treasury civil servants and other forecasters:

"one cannot have it both ways—the OBR cannot be both an independent watchdog and an in-house provider of input into the Treasury's work."

We shall certainly want to explore in greater depth in Committee that aspect of the arrangements for our OBR, which differs from the Swedish arrangements.

In addition to concerns about independence, we want to raise in Committee issues of the OBR's accountability to Parliament. We wish to explore how independent the OBR will really be, given that close co-operation with the Treasury will be needed to access the information to generate the forecast in the first place. There is also the issue of its budget—I accept the comments that the Minister made about the transparent five-year budgeting process, but there are examples of similar bodies in other countries having had their budget cut as a result of displeasing the Government with whom they were working. The governance arrangements will need further scrutiny, as will issues of accountability, not just in relation to the Treasury Committee veto on appointments, but regarding the OBR's accountability to Parliament.

Although the Bill is about who makes forecasts, the reality is that independent forecasting is no substitute for sound Budget judgements. The Government will not be judged on the accuracy of their forecasts, but they will be held to account for the consequences of the choices they have made in the circumstances they were confronted with and the forecast that the OBR had given them. Our dispute is with the Government's plans and choices, not with the independence of their forecasting machinery.

When we left office, unemployment was falling, growth was forecast to be 2.3% this year, inflation was lower than it is now and was falling and, according to the OBR, borrowing had come in at £20 billion lower than had been forecast in 2009. When the previous Government delivered their last Budget in March 2010, UK growth was faster than in Germany, Italy and the eurozone as a whole, but the current Chancellor has chosen to prioritise rapid deficit reduction over any other policy goal and he has slammed the brakes on growth. Without an electoral mandate, the Government have chosen to launch a risky experiment with our economy and our prosperity.

Justine Greening: I completely disagree with much of what the hon. Lady says, not least given that her Government left unemployment 400,000 higher. She mentions electoral mandate, but surely she does not think that the previous Prime Minister had one, because he was never voted in as Prime Minister.

Ms Eagle: We do not have a presidential system: we have a prime ministerial system and the leader of the governing party tends to be asked by Her Majesty the Queen to form the Government. That is what has always happened, and if the Minister wishes to change that, perhaps we need to take an even wider look at our constitutional arrangements than that planned by the Deputy Prime Minister.

Mr Mark Field: Although the hon. Lady makes a fair point about explicit mandates, it is surely also the case that there was absolutely no explicit mandate for any of

the actions taken by the erstwhile Government after 2008, given the situation that we found ourselves in.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We are getting tempted once again. If Members stick to the Bill, that will be helpful.

Ms Eagle: There is a difference between having an economic policy that is put into place directly after a general election, when manifestos said one thing and the Government did another, and responding to a crisis that very few people saw coming and that threatened the entire infrastructure of the global banking system. There are obviously differences between those situations, but I respect the hon. Gentleman's expertise in financial matters, particularly regarding the City.

The Government have chosen to cut public expenditure faster and deeper than any other country in the industrialised world except Iceland and Ireland. They have chosen to announce the deepest cuts in public spending in the UK since the second world war. Nine months into the life of this Government there is still no sign of any plan for jobs and growth, but sensible people know that without a plan for jobs and growth it will not be possible to get the deficit down as the OBR predicts it should come down. Meanwhile, the cuts are beginning to bite and the OBR has forecast that more than 330,000 public sector jobs will be lost. Some 10,000 police jobs have been announced as going so far, and there are reports that 250 Sure Start centres will close. Unemployment, which had begun to fall, is now rising again and inflation, which was low and falling when we left office, is now rising. All that is before the effects of the Government's ill-advised decision to increase VAT. Growth has stalled.

Mr Deputy Speaker: Order. Hon. Members have been tempting us away from the Bill, but I am sure that the hon. Lady wants to stick to it. We do not want to be tempted through further interventions, so if she will keep to the Bill, that will be helpful.

Ms Eagle: The important issue is how the independent forecasts interact with what happens in the economy and how that can change and be affected by the Government's economic decisions.

Matthew Hancock: I enjoy debating with the hon. Lady, so I am extremely grateful to her for giving way. She has just prayed in aid the OBR, saying that it had forecast that the deficit would fall, but she has also said that under the Government's plan the deficit will not fall. The OBR's forecast is based on the Government's plan, so does she agree with herself or not?

Ms Eagle: This is how we can get into difficulty with forecasts, which are static when they are made but apply to a dynamic situation. The hon. Gentleman knows, for example, that our debates in the House are, in part, about the effects on growth of a drastic fiscal consolidation. Our contention has always been that cutting too far too fast will suppress growth to such an extent that the deficit reductions that were hoped for will not come about. That is an essential part of the economic debate that, as far as I can see, we have been having since the Budget in June last year.

Forecasts can be affected by subsequent events and by Government policies. That demonstrates that what matters most is not forecasting for its own sake, but the judgment of the Chancellor of the Exchequer and the Government, and the extreme fiscal choices that they have made.

Alison McGovern (Wirral South) (Lab): Does my hon. Friend agree that we have another independent forecaster, the Bank of England, which was made independent in 1997? What lessons from the interaction between the Treasury and that independent forecaster ought to be applied to the relationship between the Treasury and the OBR?

Ms Eagle: In order to fulfil its duties, the Bank of England produces its own forecasts, which do not always agree with what were previously Treasury forecasts and will now be OBR forecasts. There are also a number of independent forecasters out there with their own view of the situation. Forecasts range from optimistic to pessimistic, and those of us who watch these things learn to take account of that. Regarding OBR forecasts or forecasts of the Bank of England as statements of the unvarnished truth will quickly get us into difficulty.

Andrea Leadsom: I am grateful to the hon. Lady for giving way again. On a point of clarification, the issue of multiple forecasts came up in the Treasury Committee review, and it was made clear that the OBR takes the Bank of England's monetary forecasts on interest rates and uses them as its own for its fiscal forecast, so there is no duplication or overlap. One is forecasting the state of interest rates and the other is stating the fiscal forecast.

Ms Eagle: Yes, but the Bank of England will also forecast for its own use growth and other aspects which it needs to assess in formulating monetary policy.

OBR forecasts predict that by the end of this Parliament, 110,000 more people will be on the dole under the Government's plans, compared with our previous plans. Under Labour, the economy was forecast to grow by 2.6%, compared with only 2.1% under the current Government's plans. The consumer prices index would have been at 1.6%, rather than 2.8%. So the OBR has decided that there would have been higher growth, more jobs and lower inflation under Labour.

Justine Greening: May I ask the hon. Lady a straightforward question? The Office for Budget Responsibility assesses that we have a greater than 50% likelihood of hitting our fiscal mandate, which is to eliminate the structural deficit by 2014-15 and achieve our broader fiscal mandate on debt ratio. Does she welcome that or not?

Ms Eagle: It is important to see what the forecasts are and what they mean at this stage of economic recovery. Of course I want to see the economy recover and grow, unemployment coming down and inflation being controlled. Unfortunately, that is not what the signs that we have been picking up since the Government's decision to cut so deep and so fast tell us about the real economy. We will see as time goes on how the OBR adjusts its forecasts to take account of the monthly and quarterly statistics from the Office for National Statistics.

[Ms Angela Eagle]

The shock GDP figures before Christmas strongly imply that the Chancellor will suffer the embarrassment of his growth forecasts being downgraded by the OBR in his self-proclaimed Budget for growth, which is due to be unveiled next month. We will wait and see.

We on the Labour Benches support a genuinely independent OBR but, as I said, we will explore in Committee the practical extent of that independence and suggest amendments to the Bill to shore it up a little more. We will need to explore the viability of the arrangements to produce, rather than comment on, the fiscal forecasts, as many other fiscal councils do. We will need to explore the extent of the OBR's remit and whether the close co-operation with civil servants required to produce the forecast will lead to behind-the-scenes negotiations that will compromise at least the perception of independence.

Let us be under no illusion that the existence of the OBR, which we support in principle, can in any way protect us from the misjudgments of the present Chancellor or any other. The OBR must assume, as the Minister said, that the Government's plans are a given. It cannot comment on the fiscal mandate or on wider fiscal policy in general. It is prevented from doing so. All it can do is calculate the probability of the Government being able to achieve their stated plans. The OBR therefore cannot protect the country from the mistakes that the Chancellor makes, or from the mistakes that he has made already. It is no panacea and it should not be regarded as one. Our dispute—

Sajid Javid: Will the hon. Lady give way?

Ms Eagle: No, because I am about to finish. Our dispute is with the Government's plans, not with the OBR's forecasting. We look forward to closer examination of the Bill in Committee. We will subject it to detailed scrutiny.

6.47 pm

Mr Mark Field (Cities of London and Westminster) (Con): Thank you, Mr Deputy Speaker, for calling me so early in the debate. As you know, I have to attend a constituency engagement for which, unbelievably, I am not well enough attired, for it is a black-tie dinner in the City of London. [Hon. Members: "Ah!"] I am supposed to be protected from that lot, Mr Deputy Speaker, so do your level best, please. I apologise that I shall not be here for all the winding-up speeches.

Listening in the House to Budgets and autumn statements over much of the past decade has been, at times, a somewhat surreal experience. Year after year the erstwhile Chancellor, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), rattled out cascading figures for growth and public deficit reduction. As the hon. Member for Wallasey (Ms Eagle) rightly pointed out, the growth figures proved, at least until the middle of the previous decade, to be uncannily accurate, even often defying so-called expert opinion. However, the deficit numbers were always hopelessly, devastatingly inaccurate.

Almost comically, although this can scarcely be regarded as a laughing matter, every single Budget between 2001 and 2007 forecast that the public finances would move back into surplus in about three or four years. As time wore on, the debt and annual deficit rose inexorably as the Treasury employed smoke and mirrors to conjure the illusion of fiscal stability.

Matthew Hancock: The hon. Member for Wallasey (Ms Eagle) cast aspersions on the ability of my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke), now the Justice Secretary, to forecast, saying that in 1996 he forecast more than 2.5% growth. Information has reached me that in 1997 growth was more than 3%, so it turns out that he was right. What does my hon. Friend make of that?

Mr Field: My hon. Friend makes an extremely good point. In the one case in which the hon. Member for Wallasey (Ms Eagle) tried to argue that there had somehow been untoward behaviour by the last Conservative Government, events have proven, if anything, that they surpassed what had been expected.

Ms Angela Eagle: Will the hon. Gentleman give way?

Mr Field: I fear that we are going to go over old ground, but let us do it.

Ms Eagle: Having conceded that point, the hon. Gentleman now seems to be saying that the best solution is to have the Chancellor make the forecasts personally, which does not seem to be the point of the Bill.

Mr Field: As I recall it, the point was conceded by Opposition Members, not by those on this side.

The relevance of all this to our current economic woes should not be underestimated. With global investors buying into the fiscal assurances made by the erstwhile Government, the rosy forecasts played their part in making it easy for Britain to borrow money during the past decade, and borrow we did, even in the good times. We all now know the disastrous consequences that came to pass.

This salutary experience provided the genesis of the idea for an office for budget responsibility. I must confess that when the Chancellor first mooted the idea in late 2008, when shadow Chancellor, I was sceptical and thought that it sounded like the ideal proposition to be made in opposition and then quietly forgotten. I believe that it is to his great credit that the notion saw the light of day so soon after my party reached government.

My other fear was that it might be an overly inflexible straitjacket to constrain freedom of manoeuvre. Again, the Chancellor has addressed this point up front, as has the Economic Secretary. The Chancellor desires and even relishes such a restriction on himself—and, I suspect, on his successors. Although it might not prove to be quite as revolutionary as the Treasury would have us believe, I accept that it is still an important step towards transparency and accountability in forecasting budgetary numbers.

My only reservations are relatively small and relate to issues of practice, rather than of principle. I fear that the real strains and potential limitations of any office for budget responsibility will unfortunately come at the point in the economic cycle when we most need

prescient and instinctive judgment. At such times of crisis or near crisis in any economic phase, we require a robust willingness to stand up against the conventional wisdom of the day.

In the run-up to the 2008 financial crisis, for example, no forecasting organisation saw the crash coming. No one in this House, not even the Secretary of State for Business, Innovation and Skills, despite all that is now said on his behalf, really foresaw precisely what would happen. That includes all the independent bodies, such as the Institute for Fiscal Studies. Let us wonder how the OBR, had it been established, might have acted only three or four years ago. Had it not shared the outlook of other forecasters, would it have had the mettle or the strength in 2007 to tell the previous Government that they were living far beyond their means? How would it have been viewed if it alone had advised the Government at that stage to hold back on their spending plans or, indeed, increase the tax burden? I believe that the true test of its effectiveness will come only when it is required to deliver such unpalatable news in future.

Similarly, what if the OBR had concurred with the forecasts of other organisations at the time but a more responsible Chancellor had been in place who instinctively viewed the economically clement weather as only a mirage? Might the perceived infallibility of an OBR forecast have restricted his or her ability to take measures that went against the common wisdom? To that extent, I have some sympathy with what has been said by those on both Front Benches, because we do not know how forecasts will pan out. Even as recently as the emergency Budget on 20 June 2010, many predictions for growth, and certainly for unemployment were made at the time that even I thought were slightly too optimistic. The OBR's notion was that unemployment would reach a peak during the current tax year. We hope that that will be the case, but that will not be down just to Government policy, by any stretch of the imagination. I think that the way the economic cycle has worked out globally means that unemployment is likely to be somewhat higher during 2011-12 and perhaps even higher still the following year.

I believe that there are some unavoidable conflicts in the OBR's operation. Organisational independence is absolutely vital to its working and credibility, as the Economic Secretary noted in her contribution. However, it must necessarily rely on a close relationship with the Treasury in order to understand its methods and have access to its data. Members have already mentioned the blurring of those boundaries between the Treasury and its new independent conscience that led to the first hiccup last summer—the argument that spilled over from the release of the OBR's unemployment forecast, which happened to bolster the Prime Minister's argument when he was under fire later that day at Prime Minister's questions.

One must accept that there will almost inevitably be an ongoing tension and an inherent potential for a conflict of interest, but I hope that that has been eased now that the OBR has been able to move out of its Treasury offices and acquire an important physical independence. Without the trust that stems from such autonomy, the OBR is absolutely nothing. Nevertheless, there is also a danger that it will be seen as perhaps too credible and as a panacea in its own right.

Sajid Javid: My hon. Friend will note that in her closing remarks the hon. Member for Wallasey (Ms Eagle) told the House not to see the OBR as a panacea. Did he notice the irony of that statement, because it was the previous Government who passed the Fiscal Responsibility Act 2010 and presented that as a panacea to the nation, pretending that it is possible to legislate and bring down the deficit without taking any tough decisions?

Mr Field: I do not want to go too far into the past, but my hon. Friend is absolutely right. We now recognise the hubristic foolishness of the notion of ending boom and bust and that the economic cycle had somehow been put to one side. We have all now learned that lesson, and this generation of Members will be much more sceptical about any such panacea that is proposed in future.

As I have said, no organisation, not even those without links to the Government, forecast the scale of the economic crisis. Ultimately, economic forecasts are just that, and if we place blind faith in the independent projections, potential risks might also be ignored. Therefore, part of the OBR's continuing role must be constantly to remind us all of its own fallibility and advise on a range of possible outcomes, pointing out not only to politicians, but to financial markets, the longer-term threats to our economy in the event that the markets, in particular, prove too forgiving.

Putting aside those concerns, which are relatively minor in comparison with the entirety of what we are trying to achieve, there is a great deal to welcome, particularly with regard to transparency and accountability. Furthermore, if the OBR works as it should, it is likely that any unofficial tinkering by the Treasury will be flagged up early and properly scrutinised by Parliament, returning some long-lost gravitas to the Treasury Committee and to Parliament itself.

As I have said in this House before, the restoration of confidence to our economy was always going to depend largely on rebuilding trust. The establishment of the OBR marks an important milestone in encouraging us to place our faith once again in the financial and political systems of our nation. We must of course be alert to the potential pitfalls in its operation, but it also represents an important check against a hitherto unchecked Treasury, and as such the OBR must now be treated as a credible new fixture in this fresh financial landscape.

6.58 pm

Mr William Bain (Glasgow North East) (Lab): It is a pleasure to speak in this debate. In giving the Bill's proposals qualified support, Opposition Members view the creation of the OBR as part of the direction of reform started by the previous Government, with the creation of the Monetary Policy Committee of the Bank of England to decide on monetary policy and the establishment of the Office for National Statistics. The International Monetary Fund has said that the OBR's proposed mandate is

"broadly consistent with established best practice for independent fiscal councils."

Placing the Office for Budget Responsibility on a statutory basis is an important stage both in its development and in securing its greater independence from the Treasury, but Opposition Members will continue to scrutinise the

[Mr William Bain]

Bill's provisions closely to ensure that the OBR is as genuinely independent from the Government as it can be, and sufficiently accountable to the House.

It would be unacceptable if the OBR's independence were compromised by insufficient access to its own resources, or if it were subject to excessive intervention by the Treasury. The OBR is due to receive £1.75 million per year in funding until the end of the current spending review period, but higher than expected CPI inflation might see that financial support fall in real terms. The Institute for Fiscal Studies recommends, on page 56 of its green budget, that

"the OBR should be as transparent as possible about what meetings have been held, and when and how all key assumptions made in its forecasts were decided upon".

Internationally, it has been established that fiscal councils can undertake four main roles in connection with economic policy: first, provide objective macro-economic forecasts on which Government budget proposals can be based, as carried out by the Centraal Planbureau—CPB—in the Netherlands and by the Economic Council in Denmark; secondly, cost various Government policy initiatives, as performed by the Congressional Budget Office in the United States, the CPB in the Netherlands and the Parliamentary Budget Office in Canada; thirdly, evaluate whether fiscal policy is likely to meet its medium-term targets, as the Fiscal Council does in Hungary; and fourthly, analyse the long-term sustainability of fiscal policy, with examples being the CPB in the Netherlands, the CBO in the US, the Government Debt Committee in Austria, the Fiscal Council in Hungary and the Fiscal Policy Council in Sweden.

Of those functions, the OBR appears to cover only the first and third. Fiscal councils are less likely to engage in normative analysis of economic policy; only the Austrian Government Debt Committee, the Danish Economic Council and the Swedish Fiscal Policy Council appear to carry out that role.

The OBR's role includes responsibility for preparing the Government's economic and fiscal forecasts and issuing them alongside fiscal forecasts with the Budget. That is clearly helpful to the Government, but it means that Ministers are able to prepare in detail for any consequences of a Budget before the OBR makes its assessments public. Without safeguards, that could lead to concerns about the extent of private consultations between Ministers and the OBR prior to publication—the perceived problem during the release of unemployment data last summer.

As Lars Calmfors, chair of the Swedish Fiscal Policy Council, wrote in *The Guardian* on 28 July last year:

"It might be better if the OBR provided a post-evaluation of the budget as an input into the work of parliament (in addition to a forecast before the budget)."

The IFS also concludes in its green budget that there is a case for the OBR

"to take as much advantage as possible of the required end-of-year fiscal report to conduct and communicate detailed analysis of how and why outcomes deviated from the forecast."

As my hon. Friend the Member for Wallasey (Ms Eagle) said, there are also questions about the use of different forecasts by the Treasury, the OBR and the Bank of England. The Bank already produces macro-economic forecasts. As the IFS again concludes:

"Those produced by the OBR will be used when deciding fiscal policy, while those produced by the Bank of England will be used by the MPC"—

the Monetary Policy Committee—

"when deciding on monetary policy."

That might lead to a situation in which fiscal and monetary policy is not sufficiently well co-ordinated.

On fiscal forecasts, progress has been made to underline the OBR's independence in reaching its conclusions, but it needs to make as much data as possible, as well as the details of its financial models, available to the public. In evidence to the Treasury Committee recently, Professor Tim Besley recommended that the OBR should be able to communicate with key international bodies such as the International Monetary Fund, the EU and the OECD.

The OBR's mandate will not in itself generate higher growth, and that brings us to the proposed charter of fiscal responsibility to be created through clause 1. The aim of the charter as stated is to create

"objectives in relation to fiscal policy and policy for the management of the National Debt,"

and to establish the Government's "fiscal mandate". Opposition Members have no problems with that concept; indeed this House legislated for similar goals in the Fiscal Responsibility Act 2010, but the real difficulty is with the Government's proposed fiscal mandate of attempting to eliminate the deficit over a four-year period—and the effects that that is already having, as the country can see, on growth.

The OBR has already revised down its growth forecast for 2011, from 2.6% when the Government took office last May to 2.3% after the emergency Budget in June; and it did so once more, to 2.1%, after the comprehensive spending review in November. We will see on 23 March whether those figures have to be downgraded again in the light of growing evidence that the Government's decisions on the economy have seen it take a turn for the worse this winter.

When Labour left office, the recovery was picking up, with growth of 1.1% in the second quarter of 2010, and, according the OBR's own analysis, the deficit for 2009-10 came in more than £20 billion lower than forecast. The Office for National Statistics was clear that, even once the effects of December's inclement weather were taken into account, there would have been no growth at all in the last quarter of 2010.

The Government should adopt a fiscal mandate in the Bill to put jobs and growth first in order to ensure that cutting the deficit does not harm the productive capacity of the economy, and they should end their complacent argument that the economy is "out of the danger zone". With the country facing 20% youth unemployment, rising prices and stagnant growth, that is not a claim that either the Prime Minister or the Chancellor can credibly make.

Sajid Javid: The hon. Gentleman will know that Government debt stands at £1 trillion. According to a recent ONS report, if we add on the bank debt that the country inherited from the previous Government's policies, we find that the figure is about £2.3 trillion—equal to 160% of GDP. Does he consider that to be a good legacy with which to engender growth?

Mr Bain: I am grateful for that intervention, because it gives me the opportunity to compare and contrast the public sector net debt of 1996-97, which was 42.5%, with that of 2007-08, before the financial crisis—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I am trying to allow some freedom, but we are in danger of straying off Second Reading and on to a general debate about the economy. Can we please come back to the debate in hand?

Mr Bain: I am very grateful for that guidance, Mr Deputy Speaker.

To conclude my response to the hon. Gentleman, public sector net debt in 2007-08 was 36.5%, so it was lower than that which we inherited when we came to office.

The analysis of the IFS, in chapter 2 of its green budget, produces the conclusion:

"The financial crisis and associated recession have reduced revenues and, to a greater extent, increased public spending as a share of national income. Without action, there would have been an unsustainable increase in borrowing and debt. The government's spending cuts and tax rises are forecast to be sufficient to return the UK's public finances to a sustainable position, but the same would have been true under the fiscal consolidation plan set out by Labour in its March 2010 Budget."

I doubt that even Government Members would label the IFS a deficit denier, so a fiscal mandate that pays insufficient attention to the impact of higher growth and employment in bringing the public finances back to stability will fail the needs of the country.

We look forward to scrutinising the Bill in Committee, to improving the operation of the OBR and perhaps, during the Bill's proceedings, to securing the change in fiscal mandate that would improve the economic prospects of the British people.

7.9 pm

Alec Shelbrooke (Elmet and Rothwell) (Con): In this debate on the Bill and the Office for Budget Responsibility, I would like to focus on the word "responsibility". Interestingly, Members in other parts of the House have focused on the downgrading of the growth forecast from 2.6%, to 2.3%, to 2.1% and possibly lower, but at no point has it been said that this allows the Chancellor to ensure that we have a Budget that is based on facts rather than on what he would like the growth figures to be. That is the problem of previous years that led to a bunker scenario.

David Rutley (Macclesfield) (Con): I wonder whether my hon. Friend has noticed that the Institute for Fiscal Studies has said:

"If an OBR had been in existence over recent years it might have discouraged Gordon Brown from persevering with fiscal forecasts that most independent analysts thought over-optimistic from 2002 onwards".

Alec Shelbrooke: I am most grateful for my hon. Friend's intervention, which makes my point. If the OBR had been there in the past, it would not have been possible to proceed with the bunker mentality that I mentioned. Alternatively, the Chancellor could still have moved forward with the same forecast, but everybody would have known exactly where the blame lay and got rid of the arguments that we hear time and again whenever we talk about the horrific financial mess that this country is in—the chorus from Labour Members saying, "It's the banks, it's the banks."

Mr Bain: It is!

Alec Shelbrooke: My point is proved by that sedentary intervention. Labour Members think that the whole financial crisis is down to the banks.

There is no doubt that the banks contributed to the global recession, but there is equally no doubt that this country was one of the worst placed countries in being able to deal with the downturn. Let us not forget what a structural deficit is. Again, I see Opposition Members shaking their heads, completely in denial of the fact that this country was living way beyond its means. One does not rack up a £1 trillion debt in the good times if one is acting sensibly. While £120 million a day in interest is going to foreign nations, we see councils around the country, especially Labour-run councils, cutting front-line services that impact on the public and trying to blame the Government, yet never mentioning what we could have done with that £120 million a day. We have to get a grip on the economy.

I want to return to the OBR, because I am conscious, Mr Deputy Speaker, that you have been trying to keep the debate on track. Let us consider the name of this body —the Office for Budget Responsibility. "Responsibility" is a word that has been lacking in the governance of this country and its fiscal policy, not only in the Treasury but, as we recently learned from senior civil servants, in other Departments that lost control of spending. We in this House have to be responsible and move things forward.

Alison McGovern: The hon. Gentleman rightly says that we should be cautious. How successful does he feel that previous attempts to add caution to Budgets were? The National Audit Office has previously examined the assumptions made by the Treasury. For example, it was assumed in the March 2010 Budget that GDP growth was 0.25% lower than it really was. Would he like to comment on how those previous attempts at caution might feed into the OBR's future work?

Alec Shelbrooke: As the hon. Lady suggests, previous forecasts and attempts at caution came from many different angles. The public will recognise that the OBR is giving us a proper set of figures that can be relied on. If the Chancellor of the Exchequer then ignores those figures and ploughs ahead, not only would the calls from the Opposition be deafening but the public would know that the Chancellor was acting against their interests.

Matthew Hancock: Does my hon. Friend know that in 1995 the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) called for a panel of independent forecasters to express their views on public finances? Does he agree that it is a great shame for the nation that the right hon. Gentleman did not act on that when in government, because it might have meant that there was restraint and, in turn, that he would not have left this country in such a terrible mess?

Alec Shelbrooke: I am grateful for that intervention. Needless to say, one of the very first things that our Chancellor of the Exchequer did was to give away the forecasting power to an independent body so that our statistics be relied on. This is about not just public faith in the statistics but the faith of the money markets internationally. That is why the forecasts and credit ratings of this country have been upgraded since the emergency Budget, and secured since the Government laid down a clear, responsible fiscal policy on how they were moving forward. These are highly important matters.

Like many people, I am sure, I am sick to death of the cherry-picking by Labour Members. Stopping that taking place strengthens the case for the Office for Budget Responsibility. The hon. Member for Glasgow North East (Mr Bain) told the House about GDP figures between 1997 and 2010, when Labour left office, but he never mentioned that the private finance initiative was taken off the books. That meant that huge amounts of public debt and public spending were not linked in to those GDP figures because of a fiddle done with the statistics. That cherry-picking must, and will, stop under the Office for Budget Responsibility.

We are told that forecasts can change and that it is therefore not the fault of the previous Chancellor that we are in such a mess. I would like to have seen the forecasts that were made for the price of gold in 2000, when it was at its lowest level ever. Was everybody saying, "It will just drop further and further, so sell the lot now"? I very much doubt it. When things go wrong, it is too easy for the Opposition to say, "It wasn't our fault—forecasts change." We now have a Chancellor of the Exchequer who has taken the bold step of passing responsibility to the Office of Budget Responsibility and has put together a Budget that is based on realistic figures rather than what he would like them to be, buried in his bunker at No. 11.

7.16 pm

Alison McGovern (Wirral South) (Lab): It is a pleasure to follow the hon. Member for Elmet and Rothwell (Alec Shelbrooke), whose robust arguments I always enjoy, if not agree with.

The purpose of this Bill is to separate politics and economics, which is not always an easy job but is one that it is important to do. There is a body of academic understanding about the importance of the independence of judgments, forecasting and transparency, and that importance is recognised and understood on both sides of the House. In many ways, the Bill makes clear Labour's economic legacy of the past decade—rules-based economic policy. The reasons for the sustainable investment rule and the golden rule were clear: after decades of boom and bust, it was felt that the way forward was to establish clear lines of accountability and rules by which economic policy might be set.

Alec Shelbrooke: I agree that the golden rule was important, but how does the hon. Lady respond to the fact that the dates of the cycles were moved to fit in with what the then Chancellor was claiming instead of sticking to the timeline that he originally outlined for the fiscal cycle?

Alison McGovern: Understanding the business cycle has been the job of economists since the dismal science began. The fact that it is difficult does not make it the wrong thing to try to do. I applaud some of the work that has been done by the Treasury and others in trying to find a better way forward. The hon. Gentleman asks an important question that cannot be dismissed by saying, "Oh, this is just people politicking." Understanding the business cycle is extremely difficult.

When we consider the importance of rules-based economic policy, it is important to reflect on the fact that the Office for Budget Responsibility is to fiscal policy what the independence of the Bank of England was, and remains, to monetary policy: that is, it is an external-to-the-Treasury body that is charged with an important economic function that will drive the policy prescriptions that the Government make, in liaison and discussion with, and working alongside, independent chairs and officials from the organisations concerned. I have no doubt that that is an extremely difficult job. I wonder how real that independence can be. That is an important question for us to consider as the Bill moves through the House. The OBR's work will be inextricably linked with Departments.

That point was brought home to me by the answer to a parliamentary question in which I asked the Department for Work and Pensions for forecasts of the number of young people who would be unemployed through the life of this Parliament. The Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling) wrote:

"The Department produces projections for business planning purposes which are aligned to the overall independent claimant count forecasts published by the Office for Budget Responsibility".—[*Official Report*, 31 January 2011; Vol. 522, c. 587W.]

I wondered what the nature of that alignment would be. I understand that it will be an iterative process as business planning projections are made and discussed in challenged conversations with the OBR. It will not be easy to maintain the independence of this body, but we must all strive to do so.

If you will allow me, Mr Deputy Speaker, I will take this opportunity to say that I mentioned that parliamentary question in Treasury questions last Tuesday, and said that

"the Government's own business planning projections show that the proportion of young people on the dole by the end of this Parliament will be reduced by less than 1%."—[*Official Report*, 8 February 2011; Vol. 523, c. 153.]

I misspoke, and should have said less than one percentage point.

It will be a difficult job behind the scenes to maintain the independence of the OBR. Lars Calmfors, who has been mentioned, has argued that it will be difficult to stop or prevent behind-the-scenes negotiations with the Treasury. However, I believe that the Government have set such store by the independence of the OBR that they want it to succeed and its independence to be maintained. As hon. Members have suggested, it could have increased accountability to Parliament via the Treasury Committee. I am sure that the members of that Committee will be perspicuous in demanding that accountability and independence.

To conclude, I will make a few remarks about rules-based economic policy. I take it from this debate that it is agreed across the House that the right way to make economic policy is to set out ahead of events the rules and principles that the Government wish to stick to, and that the Government should allow themselves to be

held up and judged on the basis of those rules. What could possibly be the problem with that approach to making economic policy? In some ways, we are already seeing the problem. Young people in this country who are unemployed because of the global shock face significant difficulties. We have to ask ourselves how the rules that we have set as the basis of our economic policy allow us to act to ensure that our economy runs well. Surely, economic measures are the tools to aid a well-functioning society, not the other way round. If so, our economic policy must be able to respond to shocks.

Not only must the Government say what the rules for their economic policy are and allow themselves to be judged by independent bodies on those rules, as they are doing; they must also say how they will respond to crises. Should this country find itself in a further economic downturn, facing an even worse situation for residents of this country, especially those on the lowest incomes and at the start of their careers, who face severe unemployment, how will the Government use the flexibility in their economic policy to return the country to growth, and how will their economic rules take account of the possibility of shocks? This is a significant challenge for the Government and I hope that all hon. Members will add to the scrutiny of the Bill as it progresses.

7.24 pm

David Rutley (Macclesfield) (Con): Like other hon. Members, I will focus my remarks on the measures that will put the Office for Budget Responsibility on a statutory footing, where it needs to be. I will talk about how important it is to take forecasting out of the Treasury and to give Parliament a greater role in maintaining the independence of the OBR, which will be vital, as everybody has said.

Above Bollington stands one of the most loved landmarks in the Macclesfield constituency: White Nancy. This unique, brilliant white summerhouse was built by the Gaskell family in 1815 and it stands proudly on top of Kerridge hill. Some think that it was built to commemorate the battle of Waterloo. Whatever the reason, White Nancy is today a well known and trusted reference point. When someone sees it, they know exactly where they are. That is what I hope the OBR will become in the landscape of the UK economy.

The Economic Secretary mentioned several reasons for the creation of the OBR, and spoke of the importance of creating it at this moment in time. I think that it will provide better forecasts, address the "judge and jury" issue that we have heard about and effectively hold Governments of all persuasions to account. That is exactly what is required.

To begin, I will give a few thoughts on better forecasts. I was reminded recently of an observation made by the American economist John Kenneth Galbraith:

"The only function of economic forecasting is to make astrology look respectable."

I am not a great fan of his economics, but his one-liners were pretty good. Like many Members, I accept that economic forecasting is not a precise science. However, it is vital that our expert forecasters are allowed the objectivity and independence that are needed to do the best possible job. They must be able to look into their crystal balls outside the Treasury building and free from Treasury influence. The ability to recruit economic talent from outside the Treasury will be a great help. I believe that the OBR is well placed to provide better forecasts.

The creation of the OBR can address the fundamental conflict that we have seen in successive Governments of the Chancellor and the Treasury being both judge and jury, through setting fiscal policy and making the forecasts for the economy and public spending. By their nature, economic forecasts are based on assumptions, opinions and judgments. The temptation for Treasury Ministers to make a judgment or prepare a forecast that helps the Government of the day presents a clear challenge to the credibility of the forecasting process. The OBR is an important and positive step in removing that temptation.

I was struck by Lord Turnbull's response to me on this subject when I served on the Treasury Committee some months ago:

"What happens is that there's a sense of giving yourself the benefit of the doubt, of wishful thinking. That is what the OBR is there to correct."

He went on:

"The OBR is important because it is an antidote to and a constraint on wishful thinking. It will bring more rigour, and it has already begun to do so".

When I asked him more about the wishful thinking during his time at the Treasury, he said:

"I think that there was wishful thinking all the way through. If you had experienced 60 quarters of uninterrupted growth, it wasn't surprising that you tended to think that somehow something fundamental had changed."

That is exactly the type of thinking that the OBR has been designed to review, scrutinise and challenge, which is an urgent priority.

The OBR can provide better forecasts, it will tackle the judge and jury dilemma, and it is empowered to hold this Government and future Governments to account. That will be a vital task at this challenging time and for future generations. So what of the OBR's priorities? In its short life, it has demonstrated its independence, the professionalism of its personnel and the high quality of its output. In its first forecast on the economy back in June, it brought some realism back to the growth forecasts. It was pretty clear that those published by the previous Government in the run-up to the election contained too much wishful thinking. The markets were openly sceptical, which in itself was an unsustainable position. In that sense, the OBR has scored a notable success already by helping to restore confidence in the forecasts for public spending and the performance of the UK economy.

It is vital that we build on that promising start and put the OBR in an unrivalled position. I was pleased to see the recent publication of a report by the OBR that detailed how it sets out to co-ordinate its activities with other Government Departments to produce fiscal forecasts, and the processes that it will follow. That transparency will help further strengthen the organisation and its standing. Its chair, Robert Chote, said recently that he wanted the process of fiscal forecasting to be as accessible as possible. In his words, he wants to

"let people see inside the forecasting sausage machine".

That is not quite how I would have put it, but I agree with the sentiment.

Beyond the transparency and accessibility of the OBR, which is pivotal, it is essential for it to become a respected and trusted reference point. That is a big

[David Rutley]

ambition that will require the highest standards to be maintained, and constant vigilance will be needed to ensure that we get the OBR where it needs to be.

Having served on the Treasury Committee, with hon. Members who were present earlier in the debate, when the creation of the OBR was debated and key officers were appointed, I commend the work that the Committee undertook at that time and the role that it continues to perform today. I also wish to take the opportunity to commend the Chancellor for his decision and for the inclusive approach that he adopted during the creation of the OBR. By giving the Treasury Committee a meaningful role, he has gone a long way towards empowering Parliament and demonstrating the need for the OBR's independence. That established from the very start its credibility as an independent body and will help build that credibility in Parliament. By giving the Committee the power of consent over appointments and dismissals, the Chancellor is giving Parliament greater power. The Committee also has the important power to carry on vetting those who are appointed, as it did last year and will continue to do. It is important that the OBR has the ability to prevent Ministers from removing people who might be perceived as being a bit too objective for their liking.

The Government have gone further and even given the OBR the power to submit to the Treasury Committee its own additional estimates memorandum, which will enable it to undertake scrutiny of funding for the OBR. As the Committee's report set out clearly, it will take a much stronger role in observing the OBR's work. It states that

"it is vital that it commands confidence across party boundaries. We will take evidence from the organisation regularly as part of the budget process. We will intervene if we believe the OBR's independence is threatened. We expect the members of the Budget Responsibility Committee or the nonexecutive directors to report any concerns they have to us. Only if it is independent will the OBR be successful."

There is a clear role for the Committee. It has the OBR in its sight and will continue to involve the OBR in its important work.

Some Members, such as the hon. Member for Glasgow North East (Mr Bain), mentioned international comparisons, and other countries have indeed had bodies similar to the OBR established for decades. One of them is the Central Planning Bureau in the Netherlands, which he mentioned. That body has responsibility for scrutinising not only Government but opposition spending plans. I am sure that Labour Members' heartbeat fluttered briefly as they thought about the implications of that, but perhaps if the CPB operated in the UK it would not have too much work on its hands right now. We will see what develops on the Opposition Front Bench over the decades ahead. The serious point is that the OBR could learn from such international comparisons. A huge amount of learning can be done from other countries, and I hope that the OBR will examine them in developing its functions and work in the years ahead.

The permanent creation of the OBR is an overdue step. It will bring more transparency and greater confidence to economic forecasts, and it has already begun to build a solid reputation as an objective and authoritative voice as well as gaining respect in all parts of the House. The Bill represents an important structural change in how the Treasury works. It will take the politics out of economic forecasting and give Parliament greater powers of scrutiny. Personally, I want to ensure that the OBR becomes the trusted, respected reference point that I talked about earlier, and I will do all in my power to support it in that work. This country needs it. We must put such institutions in place to ensure that our public finances are never allowed to get into this mess again.

7.35 pm

Kate Green (Stretford and Urmston) (Lab): Like colleagues throughout the House, I welcome putting the Office for Budget Responsibility on a statutory footing and the opportunity that it offers for independent forward financial forecasting. That will enable us to see clearly the impact of policy decisions on the public finances, and it will set the context for, and inform, future policy choice. However, as has been pointed out, the OBR and its forecasting mechanism do not of themselves correct or reshape policy mistakes. It is the Government who set the fiscal mandate, and the OBR is there to say whether that mandate has been met. There is no requirement on the OBR to offer any critique of that mandate, or to judge whether it is fair.

We cannot examine only whether the Government have achieved their forecasts. I support the remarks of my hon. Friend the Member for Wirral South (Alison McGovern), who suggested that there was a larger context to address—whether the Government's policies reflect the right policy ambitions and produce the right social outcomes, and whether the spending on them is effective. To that extent, I am particularly interested in Ministers' comments on the relationship between the OBR and the other organisation highlighted in the Bill, the National Audit Office.

Like my hon. Friends, I am concerned about the Government's current mandate to eliminate the deficit within four years. We are concerned to critique not just the mandate but the policies that will bring about the achievement of it. We are extremely concerned that those policies will have a harsh impact on the lives of the people across the country whom we represent, and we are concerned about their impact on growth, employment and intergenerational fairness. That last point is specifically highlighted in the draft charter, and I would be interested to hear the Exchequer Secretary explain how the OBR will judge and assess long-term intergenerational fairness. It is not sufficient simply to say that we cannot pass on to tomorrow's children the deficit of today, because today's children are bearing the burden of the policies that the Government are adopting to address that deficit. I would welcome an explanation of exactly what Ministers mean by intergenerational fairness and how the OBR will assess it.

Alison McGovern: Does my hon. Friend think that in addition to that, the Government ought to consider the effect of unemployment on a person's long-term career, and therefore on their family, as part of intergenerational fairness?

Kate Green: My hon. Friend makes an excellent point. Some superficially appealing terminology has been bandied about in relation to the Bill, but we need to know the substance of what Ministers understand to be fair.

Members in all parts of the House welcome the opportunity for transparency that lies within the Bill, but as others have pointed out, that transparency is potentially undermined if the OBR does not secure the resources necessary to ensure that its independence is not compromised. The OBR needs to be adequately resourced to carry out a full and proper analysis. In that context, looking at the full impact of policy includes modelling imputed behavioural change, about which the Government have so far shown themselves to be casual, including in their analysis on the introduction of the universal credit, which is one of their major policy proposals. Great claims have been made for the universal credit's impact on increased benefits take-up and labour market participation, but the Department for Work and Pensions' analysis of such behavioural changes to drive such outcomes is remarkably thin. How deep can the OBR dig when departmental analysis apparently does not do so?

There is two-way traffic in policy making and in analysing the impact of policy initiatives. The OBR has been set up specifically to reflect in its forecasts what we might call policy "knowns", but as was pointed out, there are opportunities to allow for dynamic forecasting so that we can judge the impact of new policies on the public finances in future. I believe strongly that the creation of the OBR offers an opportunity to tie those two aspects of policy forecasting together, so that it is possible to verify departmental impact assessments at the time when policy is being considered—prior to its implementation—and as part of the process of legislative scrutiny and approval by the House.

As my hon. Friend the Member for Wirral South pointed out, there are tensions involved in ensuring that the OBR has a role in scrutinising policy making as it develops and emerges, but there is an important opportunity to enable Parliament effectively to critique, to challenge and to improve. How do Ministers see the OBR's role in the context of iterative policy making, and how do they think that tension will be resolved?

I look forward to the ongoing process of the passage of the Bill to implement the OBR, and to its independent reports and analysis. However, it is important to understand that the Bill is a step on the way to better policy making and scrutiny rather than a job fully done. Of course, the OBR offers great potential to aid our understanding, but I am clear that it is just one element of how we judge policy cost and impact, and most importantly, policy success.

7.42 pm

Stephen Williams (Bristol West) (LD): I guess that you, Mr Deputy Speaker, and many hon. Members have a collection of fridge magnets. I have one back home in Bristol that I acquired on a visit last summer to Hughenden manor. Of course, Disraeli, who lived there, is a rich vein of quotes, and perhaps one of his most famous is that there are "lies, damned lies and statistics", which is what this debate is all about. Statistics are never more controversial than in economics. There was quite a controversy surrounding the last quarterly growth figures—I will make no jokes about snow—but in forecasts and retrospective reporting, there are random factors, and such reports are often revised.

Forecasting, of course, is even more contentious than retrospective reporting on economic events. I am sure that all Chancellors have at least been tempted to inject political factors into what the hon. Member for Wirral South (Alison McGovern) called the "dismal science" of economics. Whether economics is a science at all is debatable, but it is certainly inexact as a social science, and very heavily influenced by politics. In fact, it was traditionally known as "political economy".

In all Budgets and autumn statements, Chancellors forecast tax yields and outlined the effect of their policies on employment and unemployment. They said who would benefit and described the impact of their policies on the fiscal balance and debt. As a chartered tax consultant and in the last six years as an MP, I watched a decade of Budgets by the former Prime Minister and Chancellor, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), whose first act as Chancellor was to set up the independence of the Bank of England, to which many hon. Members have referred. The implementation of a Liberal Democrat manifesto commitment 13 years before we got around to joining the Government was welcome, but after 1997, the former Chancellor made up his own rules as he went along on everything other than monetary policy. The golden rule has been mentioned several times, but his best friend, Prudence, has understandably not been mentioned by Opposition Members, because as we all remember, in all his Budgets and forecasts, everything was rosy. The Chancellor always confounded his critics and said, "Everyone else is wrong. Lo and behold—what a surprise! —I have a marvellous thing to announce." What happened? The 2008 crash happened.

Alison McGovern: On that very note, which was the more prudent: putting the country into a situation in which people could not withdraw cash from the banks or recapitalising the banks, as happened?

Stephen Williams: I was talking about events prior to the crash, rather than the policy response to the crash itself, which was in any case initially rather timid and slow. My right hon. Friend the Member for Twickenham (Vince Cable) repeatedly urged the Chancellor to nationalise Northern Rock, which was the first symptom of the crisis, but those urges were resisted for quite some time.

Alec Shelbrooke *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We are getting tempted into an area where we should not be. We are dealing with Second Reading. I am sure the hon. Member for Bristol West (Stephen Williams) will stick to that, and that Mr Shelbrooke's intervention will be relevant to it, and not a history lesson for those in the Chamber.

Alec Shelbrooke: Thank you, Mr Deputy Speaker. My hon. Friend was trying to make the point that the key word in the name of the Office for Budget Responsibility is "responsibility".

Stephen Williams: I thank my hon. Friend for that intervention.

Predictions and forecasting are at the heart of the Bill. I slightly disagree with my hon. Friend the Member for Cities of London and Westminster (Mr Field), my coalition colleague, who has now gone off to his black-tie

[Stephen Williams]

dinner, because the crash—if not its scale—was forecast by my right hon. Friend the Member for Twickenham. I remember him being derided and sneered at in the House at the time, including by the hon. Member for Wallasey (Ms Eagle), who today led for the Labour party.

I welcome the setting up of the OBR, and particularly the appointment of Robert Chote from the Institute for Fiscal Studies as its first permanent chair. I am sure that all hon. Members have cited IFS reports in support of our policies at various times, and that we have all been on the receiving end of its critiques, which are not always welcome. Nevertheless, everyone recognises that those reports were arrived at independently, and therefore that they had authenticity and credibility about them. I also welcome the appointment for five-year terms of Mr Chote's fellow board members and the ongoing Treasury Committee scrutiny, of which my hon. Friend the Member for Macclesfield (David Rutley) spoke. As we heard, the Bill is not a panacea for dealing with economic ills, but I am sure that the OBR will none the less restore credibility to our statistics and give a sound basis for decisions.

The second part of the Bill, which has not been mentioned much, deals with the National Audit Office. As I have mentioned Disraeli, I will mention in balance Gladstone, who set up the NAO. All Members of Parliament will recognise that the reports produced by the NAO are excellent and well informed across the range of policy issues. As the hon. Member for Stretford and Urmston (Kate Green) said, it is the role of the NAO to review the impact of Government policy especially in financial areas, and to examine whether money has been spent efficiently according to the original remit of the policies. Although the NAO formally reports to the Public Accounts Committee, of which I was briefly a member in the last Parliament, its reports and its work are fundamental to the operation of the House of Commons itself.

I welcome the statement made by the board of the NAO and the professional qualifications now held by some of its board members. I remember going to a briefing by the NAO not long after I became a Member of Parliament and being astonished by the lack of financial qualifications of many people in the civil service—I shall avoid looking in their direction—who none the less managed the purse strings of billions of pounds of public money. Professional qualifications should also be rolled out around Departments.

David Rutley: As hon. Members have said, one of the opportunities provided by the OBR will be more expertise from people outside the Treasury, who will put their views, thoughts and experience to work on forecasting. Does my hon. Friend agree?

Stephen Williams: Indeed, I do agree and the OBR as it develops will be able to draw on the expertise in the Treasury, although its forecasts must be its own, not the Treasury's. Over time, the OBR will develop its own in-house expertise, although it will hopefully not grow into too large a quango—if we are still allowed to use that word.

The Bill is an important hallmark of coalition Government. It shows that the Government are interested in transparency and evidence-based policy making, as well as in listening, especially to advice. It will certainly provide confidence in our national statistics and economic forecasts, underpinning the Government's overriding aim of restoring confidence and stability to our national economy and public finances.

7.52 pm

Sheila Gilmore (Edinburgh East) (Lab): I seem to be fated—this is the second time in two weeks—to be the last Back Bencher to contribute to a debate. Tempted though I am to continue to speak until as close to 10 pm as allowed by the need for wind-up speeches, I shall resist temptation—I can see my colleagues' looks of horror. For those of us who are far from home and whose potential valentine is 400 miles away, we have nothing better to do than speak in this debate.

More seriously, it will be useful to have independent forecasts; indeed, it already has proved useful. In the short life of the Office for Budget Responsibility we have seen some figures that even this Government, who have professed a desire to be transparent, might not have been too happy about. Several of my hon. Friends have referred to figures such as the forecasts for unemployment and for economic growth. Had it not been for those reports, the Chancellor and other members of the Government might have been tempted to be a little more optimistic and gung-ho. We saw a little of that even last year when some Ministers talked about economic growth in the second and third quarters. We might have thought that everything was now motoring forward, but the OBR was able to tell us that that was not quite the case. The OBR's forecasts may not always be palatable, even to the Government who have set it up.

I appreciate, Mr Deputy Speaker, that you have not wanted people to discuss the economy generally, but it was clear from the context in which this debate was put by the Economic Secretary that we cannot entirely avoid doing so. She made it clear that the OBR's remit is determined by the Government's view of the economy and what needs to be done to deal with it. She said that deficit reduction was the priority and the context for the OBR, but the question of how to do that remains. How do we reduce the deficit, how fast, and what are the implications of reducing it too fast? The Opposition believe that the actions that have been taken in order to fit the framework set for the reduction of the deficit in this Parliament may be counter-productive. The deficit may in fact rise, because if unemployment rises, demand falls and the economy does not grow, tax revenues will fall even further—and that was part of the reason for our current position. If that happens, we will see the deficit grow.

Alec Shelbrooke: As the hon. Lady has said, the OBR will indeed stop a Chancellor saying, "Growth is going to be this amount, and therefore I will borrow this amount," while knowing full well that growth might not be so high and he might not be able to repay it. Surely that was the problem in recent years, and it is hoped that the OBR will stop such mistakes from being made again.

Sheila Gilmore: Our views of when it is appropriate to borrow and what the Government should do about the economy are clearly different. Emotive words have

been used in this debate, including the term "mountain of debt". Coalition Members are fond of saying that interest payments on borrowing are wasted. They are also fond of domestic analogies, and we hear a lot about the national credit card being maxed out, but there is another domestic analogy that we might use. When we pay our mortgage payments, we do not say that that is money wasted—it is money being invested for the purpose of acquiring a home.

When I was the convenor of housing for Edinburgh city council, 40p in the pound of tenants' rents went on debt repayment. Sometimes the local newspaper and council opposition members would say, "This is terrible mismanagement", but it was not mismanagement—it was an investment in building homes over many years and improving homes with such luxuries as central heating and double glazing.

Stephen Williams: The hon. Lady is talking about debt being run up for investment. Of course the previous Government put most of that debt off the balance sheet of the Treasury completely and into private finance initiative schemes. They ran up debts to fund current expenditure on public services, and that is why we ended up in a crisis.

Sheila Gilmore: The hon. Gentleman is wrong about that. Up to the point of the recession, most of the borrowing was for investment in schools, homes, roads and transport projects. Yes, there were some PFI schemes, and I was interested to hear the hon. Member for Elmet and Rothwell (Alec Shelbrooke) castigate such schemes, because it is my recollection that PFI was a favourite mechanism of the previous Conservative Government, who introduced it. Many of my colleagues in the Labour party were less than enthusiastic about it even during the years of the Labour Government.

I am trying to make the point that there are different ways of looking at the economy and at what the appropriate policies are. I was interested in a brief debate in the Treasury Committee about whether the OBR should look at other policies: should it look at the policies of an Opposition what might be? Outwith that, why should it just look at the particular ground rules that the Government have set out? Those rules will represent one view, but there might well be other views and policies that could lead to different results. The Government appear to have rejected the view that the OBR should look at anything other than Government policy, on the grounds that that would not make it politically neutral, but we need real transparency and a proper debate in the country about the best way forward.

Andrew Griffiths (Burton) (Con): I have been listening to the hon. Lady's analogy. She does not like talk of the credit card being maxed out, and thinks it more akin to taking on a mortgage to purchase a home. Does she not agree, however, that having to pay £120 million a day in interest alone is actually more akin to using a credit card to pay the mortgage every month?

Sheila Gilmore: Clearly, I do not agree with that. These two analogies are interesting ones, in that they show the different viewpoints of the different sides of the House. They are both legitimate viewpoints, and it is right that we pull them out and have this debate, because there is not just one way of coming to a conclusion on what we should do.

If the OBR is to develop in the future, one option is to look at different ways of arriving at the ends we all want. There is no suggestion, despite what Government Members say, that Labour Members think it right to run a very big deficit on an annual basis. We have never said that; we have said that we want to reduce the deficit. However, we differ with the Government over the speed at which that is done. That will determine all of these forecasts and where we go from there. If we have those different viewpoints, would it be helpful—other people might think it is not—for a truly independent OBR to be able to look slightly wider than the tramlines that the Government are setting down and about which we have heard so much? Should we be able to forecast only on that basis? It would be interesting to consider whether alternative policies could lead to a different and—I would hope—better outcome.

I do not want to add anything else because I can see that some people here have somewhere far more interesting to go. I hope that some people receive red roses and chocolates tonight in celebration of the day.

8.2 pm

Kerry McCarthy (Bristol East) (Lab): This has been an interesting, if somewhat truncated debate. My hon. Friend the Member for Edinburgh East (Sheila Gilmore) is probably right that the relatively few number of people in the Chamber and the fact that the debate will finish a couple of hours early is not evidence of a lack of interest in the subject under discussion, but proof that romantic hearts beat beneath our tough and cynical exteriors. *[Interruption.]* I mean some of our tough and cynical exteriors.

We support much that is in the Bill, but I will turn first to the contributions of hon. Members. My hon. Friend the Member for Wirral South (Alison McGovern) said that the establishment of the Office for Budget Responsibility was an attempt to separate politics from economics. I suspect that that will be difficult to achieve, but as she said, it is important that we at least try. She also talked about rules-based economic policies, how they were introduced under the previous Government, and how the establishment of the OBR entrenches that approach. She also spoke at the end of her speech about something that I know is a great passion of hers: the problem of youth unemployment and what we can do to tackle it. I am sure that she will return to it on many other occasions in the Chamber.

As ever, my hon. Friend the Member for Stretford and Urmston (Kate Green) made an excellent speech and talked about how it is important that, when discussing such issues that are technical and very much about structures, we focus not just on the numbers, but on the outcomes that we want to achieve. This is not just a dry discussion about the fiscal mandate and the mechanisms that we put in place to monitor it or to forecast the future trajectory of Government economic policy; it is about the underlying policies brought in to achieve that mandate. She spoke passionately about intergenerational fairness and the importance of considering how we can better model imputed behaviour, and she suggested that departmental evidence was very thin on behavioural change and that the OBR might have a role in fleshing that out. That was a valid point.

[Kerry McCarthy]

My hon. Friend the Member for Edinburgh East talked about how the OBR, if it does not totally instil caution in the actions of Ministers, will at least act as a brake on Governments' over-optimism and the wishful thinking that leads them to think that things are rosy, or will be rosier than the evidence suggests. She made the point that we cannot divorce the question of reducing the deficit from the question of how we go about doing it and the policies we implement to achieve that end. My hon. Friend the Member for Glasgow North East (Mr Bain) warned of the dangers of complacency, and of thinking that the recovery is secure, that we are out of recession and that the country is out of the danger zone. He also talked about the fiscal mandate for eliminating the deficit and warned of the dangers of pursuing that in too rapid a fashion.

The hon. Member for Cities of London and Westminster (Mr Field) has had to leave to go to a black-tie event. I suspect that he has rather more black-tie events than most of us in the House. The sorts of events I attend usually involve the St George Labour club and beer at 99p a pint. However, he obviously leads a more exalted existence than many of us. Both he and the hon. Member for Elmet and Rothwell (Alec Shelbrooke) were fairly political—dare I say it—in their comments. They made references to the previous Government living beyond their means. The hon. Member for Elmet and Rothwell denied that the banks were responsible for the recession and again mentioned the country living beyond its means. At this time of night, and perhaps with better things to do, we do not want to rehearse those arguments. However, it is important that rather than trying to score political points, we look at the details of the Bill and the seriousness of what it is trying to achieve in introducing a more evidence-based approach to economic forecasting.

The hon. Member for Macclesfield (David Rutley) made a very good and thoughtful speech. He quoted J. K. Galbraith, which I suspect my hon. Friend the Member for—

Ms Angela Eagle: Wallasey.

Kerry McCarthy: I knew it began with a W. Anyway, she is probably very familiar with this quote:

"The only function of economic forecasting is to make astrology look respectable."

The hon. Member for Macclesfield said that he was not a great fan of J. K. Galbraith. I happen to be a great fan, although I had not heard that quote before. His "A Short History of Financial Euphoria" ought to be required reading for anyone who takes up a job in the City these days. The hon. Gentleman resisted the temptation to resort to political point scoring. His point that the OBR can in time become a respected and trusted reference point is valid—I certainly hope it will be achieved.

What the hon. Member for Macclesfield said about greater powers being given to the Treasury Committee was interesting. I was a member of the Committee for a couple of years when first elected to Parliament in 2005, and I remember spending many sittings seeking assurances from the Financial Services Authority and the Bank of England about regulation, the risks that derivatives trading imposed, and so on. I remember receiving blithe assurances that it was difficult for Committee members—with their limited resources—to challenge on an ongoing basis. If increased powers are given to the Treasury Committee to vet appointments, to scrutinise the work of the OBR, particularly its funding, and to ensure that it has the necessary resources to do its job, thought needs to be given to whether the Committee has the resources necessary to do that job.

The hon. Member for Bristol West (Stephen Williams) slightly lost me at the beginning with his talk about Disraeli and fridge magnets, but then moved on to talk about Bank of England independence, which he claimed was a Liberal Democrat manifesto—

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): It was.

Kerry McCarthy: I am not denying it. The hon. Member for Bristol West said that it was an example of Liberal Democrat manifesto policy being implemented 13 years before they got into government. I would suggest that the reason he is claiming credit for that is that there are very few examples of that now that they are in government.

Let me move on to the Bill. The plans for the National Audit Office have received very little attention in this debate, because there is a general consensus that they are the right thing to do. They are almost exactly in line with our plans for the National Audit Office that we set out in our Constitutional Reform and Governance Bill, which we did not get through the parliamentary process before the May 2010 election was called.

We support the creation of the Office for Budget Responsibility, which we see as continuing the direction of travel that we set in government by giving independence to the Bank of England and the Office for National Statistics. However, we have a number of concerns about the details of the proposals. We welcome the amendments that were introduced in the other place—with some, limited success—to try to make the OBR more independent from the Government, for example by giving it budgetary independence, so that we can be sure that it has the resources that it needs to do its job and produce genuinely independent forecasts without being compromised by Treasury control. We intend to explore that further in Committee, to see whether we can give the OBR greater independence. It is also important to explore in Committee how we make the OBR more accountable to Parliament, rather than to the Treasury.

However, we will not let this Government hide behind the OBR or use its independence as a shield to protect them from valid criticism of the impact of their economic policies. The Government are wrong if they believe that the OBR will protect us from the consequences of the Chancellor's misjudgments. Indeed, the OBR will help to hold the light up to the Government's record. It is notable that the OBR has already predicted that unemployment will be higher under this Government than under Labour plans, that growth will be lower under this Government, and that consumer prices index inflation will be higher. In fact, as has been mentioned—I think by my hon. Friend the Member for Glasgow North East, or perhaps by my hon. Friend the Member for Wirral South—the OBR has already had to revise its growth forecast downwards twice, down from 2.6% to 2.3% after the emergency Budget, and down again, to 2.1%, after the spending review. That is a telling verdict

on this Government's policies for growth—or lack of them—and the Chancellor's failure to produce a growth plan. We wait to see whether the March Budget will force the OBR to downgrade its growth forecast yet again.

The OBR has also confirmed—although the Government seem to have ignored this because it is politically inconvenient for them to acknowledge it—that the deficit was more than £20 billion lower in 2009-10 than expected, owing to firm and decisive action taken by the Labour Government. What is clear—we do not need the OBR to tell us this—is that under this Government unemployment and inflation are rising, living standards are falling and the recovery has stalled. Although we support the substance of this Bill to a large extent and we shall not seek to push its Second Reading to a vote this evening, we remain deeply sceptical about whether the Government have learnt any lessons from the past eight months during which the shadow OBR has been in place. We hope that lessons will be learnt going forward.

8.13 pm

The Exchequer Secretary to the Treasury (Mr David Gauke): We have had an interesting debate and it would be fair to say that there has been some consensus from both sides of the House that it is right and proper for us to establish the Office for Budget Responsibility. I am grateful to my hon. Friends the Members for Cities of London and Westminster (Mr Field), for Elmet and Rothwell (Alec Shelbrooke), for Macclesfield (David Rutley) and for Bristol West (Stephen Williams) for expressing their concerns about the state of the public finances and the record of the previous Government. However, I am also grateful for the comments of Opposition Members, such as the hon. Members for Glasgow North East (Mr Bain), for Wirral South (Alison McGovern), for Stretford and Urmston (Kate Green) and for Edinburgh East (Sheila Gilmore), who supported the concept of the Office for Budget Responsibility.

As my hon. Friend the Economic Secretary to the Treasury said at the start of this afternoon's proceedings, fiscal responsibility is the overriding priority of this Government. The deficit that we inherited, the debts that the previous Government amassed and the fiscal forecasts that accompanied both have clearly shown the inherent weaknesses that plagued the old way of doing things. The reputation of the Government's forecasts in recent years was that they had a bias towards optimism. After all, a balanced budget was always just around the corner. In 2003, the budget would be back in balance by 2005. In 2004, it would be back in balance by 2007, and in 2006, by 2008. In 2007 we would have a balanced budget by 2009, and in 2008, we would reach the balanced budget in 2011. It is perhaps apposite to quote Robert Chote in his previous capacity as the man in charge of the Institute for Fiscal Studies, who said that this was a

"sustained display of conviction forecasting".

Indeed, the over-optimistic approach to the public finances of that era is not purely a thing of the past. We recently learned, for example, that the shadow Chancellor continues to believe that there was no structural deficit in the UK economy in advance of the credit crunch. How wrong can one be? The fact is that there was a perception that, all too often, the temptation to nudge up a growth forecast here or reduce a borrowing number there proved all too great. Governments would preach the principle of prudence while in reality the onus was always on optimism. That serves no one's interests. Economic policy needs to be based upon the reality—grounded in fact and not fallacy—and to be able to stand up to external scrutiny when put under the spotlight. Credibility must be restored.

It is worth pointing out that the previous Government attempted to do just that with the notorious Fiscal Responsibility Act 2010. I looked up what Chris Mullin, the former Member for Sunderland, South, said about it in his diaries. In his entry for 5 January 2010, he writes that he came into the Chamber to listen to the debate, describing the proposal as:

"Surely the most pointless piece of legislation ever devised."

He continued:

"To be fair to Alistair"—

the former Chancellor of the Exchequer, the right hon. Member for Edinburgh South West (Mr Darling)—

"this is not his doing. It shows every sign of having been dreamed up in the fun factory at Number 10. He managed to keep a straight face throughout as George Osborne shredded it mercilessly."

We have come up with something somewhat better, because we need to demonstrate to the British people that the Government can be relied upon to tax and spend sensibly. The Office for Budget Responsibility will do exactly that. This fully independent body is bringing integrity back to the official forecasts. With full access to all the data, assumptions and economic models needed, the OBR is making the key judgments that underpin our economic and fiscal decisions.

Let me touch on the issue of independence, which a number of hon. Members raised. It is right that the OBR has access to all the numbers. We believe that the relationship with the Government strikes the right balance. The OBR will perform a core executive function in providing the official forecasts and a published assessment of the likelihood of the Government's meeting their fiscal mandate, but it will do so independently of Ministers, with all judgments and methodology questions being at the complete discretion of the budgetary responsibility committee. That model has been supported by a range of external commentators, including the Institute for Fiscal Studies. It is also worth noting that Lord Turnbull said on Second Reading in the other place:

"What is proposed is a pragmatic and, in my view, well judged hybrid".—[*Official Report, House of Lords*, 8 November 2010; Vol. 722, c. 22.]

The OBR will appoint its own staff and will have a budget responsibility committee confirmed by the Select Committee on the Treasury. That process of confirmation will ensure that the right staff are appointed to the BRC. The non-executives will be required to report regularly on the extent to which the OBR has been able to perform its duties, with complete discretion through the annual report. That is an important safeguard for the OBR.

Let me touch on Parliament's role, which was raised by the hon. Member for Wirral South and my hon. Friend the Member for Macclesfield, who is a member of the Treasury Committee. The OBR will submit all its findings to Parliament, with each forecast and report being laid before the House, as was the case for the economic and fiscal outlook produced by the OBR in

[Mr David Gauke]

November. To ensure accountability, any written questions from hon. Members will be passed directly to the OBR, which will respond in the usual manner. All members of the budget responsibility committee, as well as the OBR's non-executive directors, will also be available for Select Committee hearings. The evidence that OBR representatives have already given to the Treasury Select Committee has been widely welcomed by hon. Members.

I want briefly to mention the National Audit Office. As we have heard, the measures in the Bill largely reflect the provisions in the previous Government's Constitutional Reform and Governance Bill. There was no time for the other place to consider those provisions before the general election, and this Bill represents the earliest opportunity to bring them before Parliament and to implement the recommendations of the Public Accounts Commission following its review of the National Audit Office's corporate governance. This, too, has been welcomed on both sides of the House.

The provisions in the Bill will restore confidence and responsibility to our country's fiscal framework. For too long, there was suspicion about the reputation of the forecasts produced by the Treasury: to put it kindly, they were suspected of optimism. What we now need is stronger institutions. We need to allow for expert scrutiny of the public accounts. We need improved economic governance, and much-improved transparency, and this Government are taking great steps towards achieving that. This is the right course of action for our economy, and for our country. I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

BUDGET RESPONSIBILITY AND NATIONAL AUDIT BILL [*LORDS*] (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Budget Responsibility and National Audit Bill [*Lords*]:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 8 March 2011.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of any message from the Lords) may be programmed.—*(Stephen Crabb.)*

Question agreed to.

BUDGET RESPONSIBILITY AND NATIONAL AUDIT BILL [*LORDS*] (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Budget Responsibility and National Audit Bill [Lords], it is expedient to authorise—

(1) the payment out of money provided by Parliament of any expenditure incurred by the Treasury or the National Audit Office in consequence of the Act, and

(2) the payment out of the Consolidated Fund of—

(a) amounts payable in accordance with remuneration arrangements made in relation to the Comptroller and Auditor General and the person who chairs the National Audit Office, and

(b) amounts payable in consequence of liability for breach of duty in relation to audits, examinations and inspections carried out as part of the Comptroller and Auditor General's functions.—*(Stephen Crabb.)*

Question agreed to.

BUDGET RESPONSIBILITY AND NATIONAL AUDIT BILL [*LORDS*] (WAYS AND MEANS)

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Budget Responsibility and National Audit Bill [Lords], it is expedient to authorise—

(1) the imposition of charges to corporation tax in relation to transfers of property, rights and liabilities, and

(2) the payment of sums into the Consolidated Fund.—*(Stephen Crabb.)*

Question agreed to.

Business without Debate

HOME AFFAIRS

Ordered,

That Mr Aidan Burley be discharged from the Home Affairs Committee and Michael Ellis be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

INTERNATIONAL DEVELOPMENT

Ordered,

That Mr James Clappison be discharged from the International Development Committee and Mr Sam Gyimah be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

SCIENCE AND TECHNOLOGY

Ordered,

That Alok Sharma be discharged from the Science and Technology Committee and Stephen McPartland be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

Southend (City Status)

Motion made, and Question proposed, That this House do now adjourn.—*(Stephen Crabb.)*

8.22 pm

Mr David Amess (Southend West) (Con): I am fortunate, on Valentine's day, to be able to describe to the House the merits of Southend being granted city status next year. In the bid, I am supported by my hon. Friend the Member for Rochford and Southend East (James Duddridge) and my right hon. Friend the Member for Rayleigh and Wickford (Mr Francois). As they are both Government Whips, however, they are unable to catch your eye, Madam Deputy Speaker. So on this occasion, it is I alone who will be speaking on behalf of Southend.

Southend is asking the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper) to be its Valentine tonight. I know only too well that he does not have the power to say tonight, "Yes, Southend can be a city." Obviously, I understand that. Nevertheless, given that I was involved in the previous bid in 2002, I thought that it was right to put down an early marker. It would also be useful if the Minister were to set out exactly what considerations are involved.

Let me start from the beginning. The biggest advocate for Southend being granted city status is my own mother, Maud. God willing, she will shortly be celebrating her 99th birthday. She lives near the Olympic stadium in Stratford, and she is, in every sense, an east end girl. When she was bringing me up, it was a wonderful treat to travel to Southend-on-Sea. My children would laugh at the idea that going to the British seaside was a wonderful treat; they would probably expect to go round the world, and might not even be satisfied by that. In those days, however, to go to Southend was a great joy. I have childhood memories of going there to see the longest pier in the world, having the excitement of travelling by train out along the Thames estuary, enjoying Rossi's ice cream, going down to the old town of Leigh and having cockles, mussels and shrimps. All those things left a great impression on me. Probably my strongest memory is of going to the amusement arcades along the golden mile in the constituency of my hon. Friend the Member for Rochford and Southend East. My mother is privately leading the charge for city status for Southend.

The "Oxford English Dictionary" defines the word "city" as simply being

"a large town or other inhabited place",

but it distinguishes a city as being

"a title ranking above that of 'town'".

According to such definitions, Southend-on-Sea certainly meets the very basic defined requirements to call itself a city.

I have googled quite a lot of stuff about cities, I was surprised to discover that there are only 66 cities in the United Kingdom and that—shock horror!—there are none in Essex. How is it possible that the biggest county does not have a city? I do not want to fall out with my hon. Friend the Member for Rochford and Southend East and my right hon. Friend the Member for Rayleigh and Wickford—I will not fall out with the former; the latter is considering putting in a bid for his own town to become a city—but it is absolutely staggering that there is no city in Essex.

I am sure that my hon. Friend the Minister will not be able to tell the House tonight whether a town in Essex other than Southend has put in a bid, but if Southend is the only town to do so thus far, as seems to be the case, I think that speaks for itself. There are many complex requirements involved in a town becoming a city, but it would be fair to define a city as a cultural and economic hub with a large, diverse local community and an area in which communities and businesses seek to centralise their interests.

As far as culture is concerned, Southend is awash with it. I was at the annual dinner of the Essex yacht club on Saturday. The original guest speaker was unable to fulfil the engagement, so at relatively short notice we brought in a "stand-in"—a chap called Paul Carslake. He had an electric spray-on-paint device and created the most wonderful drawings I have ever seen by using a microphone and holding the spray. It was just incredible. He auctioned one his works of Michael Caine. This chap is famous: he has done stuff for the Rolling Stones and has travelled all over the world. He provides just one example of talent from absolutely nowhere.

We all know about the famous actors and actresses in Southend—starting, of course, with Helen Mirren, but we are awash with them, as there is also Lee Mead. As I say, we are awash with talent of every description: actors, actresses, singers, dancers, painters, sculptors—the whole gamut can be found in Southend. In every sense, then, we fulfil the cultural criterion.

Like most seaside towns, Southend faces many challenges. It is not as popular as it used to be to spend holidays in English seaside resorts. Nevertheless, Southend has repositioned itself as a centre of learning. We have the wonderful new Southend-based university of Essex; we have magnificent schools in the town; and we have a language college—and it is all bringing in a good deal of income to the town. We are also awash with small entrepreneurs as well as larger businesses, adding still more value.

We have a diverse local community from all parts of the world, bringing different cultures to the town. I hope that my hon. Friend the Member for Rochford and Southend East and my right hon. Friend the Member for Rayleigh and Wickford will confirm with a nod that relations between the cultures in Southend are extremely good indeed, with no problems at all.

I believe it would be hard to differentiate Southend in its everyday life from any other British city. I do not want to upset colleagues, but I have looked carefully at a few towns that have become cities and I cannot see how Southend fails to meet the criteria, because it has every bit as much going for it—and more! That puzzles me.

The Queen's diamond jubilee will be celebrated next year. As the Minister will no doubt tell us, it has been announced that, as part of the national celebrations, a bidding process will be opened to bestow the honour of city status on areas whose bids are successful. As I have already told the Minister, who kindly replied to confirm it, Southend is bidding for city status.

Why does Southend want to become a city? It would have a significant impact on the morale of the local communities and would give the local economy a major boost during a difficult time for business and individuals

[Mr David Amess]

alike. A key theme of the bid will be the projection of the community's views of Southend, highlighting in particular its vibrancy and ambition. Furthermore, our bid will champion the various successful aspects of the town, celebrating the thriving local businesses in the area, its wonderful cultural and volunteering communities, the massive regeneration projects to improve pedestrian and road safety while giving Southend a modern and clean feel, the growing education sector and the fabulous local schools that the town boasts and its diverse and multicultural population.

I had the privilege of chairing the Committee considering the London Olympic Games and Paralympic Games Bill. Given that I come from the east end of London, as I mentioned, I am very excited at the prospect of the Olympic games. Hadleigh, the neighbouring area to Southend West, will host the bike events, which is good news. At the moment, Southend is actively seeking to attract international teams to choose Southend as a base for their training camps. I am delighted to tell the House that so far we have had visits from team representatives of Sri Lanka and the Philippines, with more to follow. I hope to attract international interest because we are only 40 miles from where the Olympic camp will be based and because we have wonderful facilities. The visiting teams were given a first-class presentation at Eastwood school, where there are marvellous sports facilities. Belfairs high school, which is being refurbished, will have wonderful facilities that will be unveiled later in the year.

Only a few weeks ago, Mark Foster, another Southend lad—well known because he is very tall, has won a few world championships, has competed in the Olympics and has appeared on "Strictly Come Dancing"—opened our new swimming pool, which features the best diving facility not just in the country but in the world. It also has a dry area. I think that international teams who are proficient in that sport will consider Southend very attractive as a base for their training camps. I hope that I have given the House a sense of the wonderful facilities that we have there.

In many ways, Southend-on-Sea already has the look and feel of a modern British city, but there is no sign saying "Welcome to the city of Southend", and that is what I want to see. Southend is a town to be proud of, and it should be celebrated as such. In towns up and down the United Kingdom, during tough times like these, we sometimes need to remind ourselves of the greatness of where we live. If we are declared to be a city, that moment alone will lift the hearts and spirits of everyone. Last week we suffered a terrible tragedy when Trevor Bailey, who lived in my road and was a wonderful cricketer, lost his life. He served in the second world war and gave much for his country in every sense, and he would have been the first to support Southend and its community in the bid for city status.

I should add that I represent the part of the country with the most centenarians. Southend, which has appeared three times in "Guinness World Records", contains a range of senior citizens who would be absolutely delighted if we were granted city status.

The recognition of Southend's greatness, locally and nationally, would have a real impact on the civic pride felt by local communities. Evidence from previously successful bids has shown that city status can lead to a reduction in antisocial behaviour—in graffiti, for instance—and can increase aspiration among communities, and aspiration in itself can lead to higher attainment and economic activity.

Southend has achieved a great deal over the past five years. It has improved social housing to meet the needs of the local population. It has also improved adult community care, children's services, education at all levels—from Sure Start centres to the university—and the area has been regenerated, including roads and public spaces. Its population of 164,000 is the largest in the east of England. Let me repeat to my hon. Friend the Minister that I am puzzled by the fact that it is not already a city.

Southend is seen by many as a hub for learning, culture and business. It has superb transport links to the surrounding areas and to London. We have nine railway stations, two bus companies, vastly improving road networks and an expanding airport. Only last Friday I visited one of the hangars at the airport to observe a number of apprentices at work, and I know that the skill that they have already acquired in refitting some of their planes is truly remarkable.

Southend has facilities to accommodate members of all religious faiths in its strong multicultural community. It provides outstanding educational opportunities, catering for everyone and anyone. As I have said, Southend has a large campus for the university of Essex specialising in drama and the arts, a regionally renowned adult community college, four outstanding grammar schools, and a generally excellent education service. Southend certainly has strong academic credentials. The principal of South Essex college, Jan Hodges, has done a magnificent job in all she has achieved for the college.

The town is a hub for the arts and culture, with one of the largest regional theatres in the Cliffs Pavilion. We also have the renowned Focal Point art gallery and museums with collections of national importance. Saxon remains were found in Priory park. They are being restored and will eventually be displayed in a suitable museum. We have a cultural events programme, including an annual carnival along the seafront. We have a thriving local music and visual and performing arts scene, and the internationally famous "Metal" which is based in Chalkwell park in Southend, where we invite artists from all over the world to share their skills with local artists. We have an annual festival, and "Metal" links in with the Royal Opera House in dance and theatre. Therefore, culture and the arts in Southend are second to none.

Unlike many seaside towns, Southend has a varied economy, enjoying a vibrant entrepreneurial culture, global companies with bases in the town, innovative and cutting-edge companies, and some of the best performing stores in the region in both the high street and the sought-after boutiques in Leigh-on-Sea. My predecessor, the late Lord Channon, used to take Princess Margaret along the little boutiques there, so impressed was she with that shopping area.

Southend has some outstanding historical architecture throughout the town, including the world-famous mile-long pier, which is being restored, the beautiful Regency architecture in the Clifftown conservation area, the historic fishing village in Leigh-on-Sea and the award-winning Pier Hill development. Southend is steeped in

history and is proud to showcase the beautiful architecture, with the new designs, including the Pier Hill development, fitting seamlessly into the town.

The profile of Southend will be raised significantly with a successful city status bid, thus changing the perceptions of Southend not only for the local population but also throughout the country—if those perceptions are in any sense negative. The economy of Southend will also benefit significantly if the bid is successful. Raising the profile of Southend in such a positive way will enhance the activities that are pursued in Southend, setting a positive example that will lead to securing further inward investment into the town. City status will appeal to foreign markets in particular.

One of Southend's key economic sectors is tourism, and it will also receive a significant boost. There is often greater interest in visiting a city than in visiting a town. City status will give Southend the opportunity to highlight everything it has to offer to wider audiences, enabling the town to secure more vital income from tourism.

Southend has benefited from the significant regeneration projects that have been carried out, yet there are still ambitious plans for the town. With the reductions in public sector funding, new avenues need to be explored in order to secure investment for the town. A successful city status bid will not only raise the profile of the plans for the new museum and the redevelopment of the pier, but will also enable a successful fundraising effort among trusts and foundations. These projects will in turn generate more income and job opportunities for Southend and go a long way to enhancing civic pride and aspiration among local communities.

I am puzzled by the fact that there are 66 cities, but not one in Essex. I am puzzled that Southend, whose population of 164,000 and growing is the biggest in Essex, is not already a city. On every count, Southend meets the criteria for city status. I very much regret that our bid in 2002 was unsuccessful, but a decade later I hope that this Minister will accept the wish that Southend wanted me to pass on to him tonight, which is that he be Southend's Valentine.

8.45 pm

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): It is tempting to begin by saying, "With an offer like that, how can one possibly refuse?" However, I will have to disappoint my hon. Friend the Member for Southend West (Mr Amess), at least on the immediate offer to be Southend's Valentine.

The Government have noted with pleasure the considerable interest of towns throughout the United Kingdom in entering the competition for city status to mark the Queen's diamond jubilee in 2012. My hon. Friend has certainly used his opportunity to explain to the House the considerable merits of Southend, and that is entirely understandable. Clearly, if he ever ceases to be a Member of Parliament, he will be able to get a job as a senior tourism officer for his borough, given that he set out a kaleidoscope of things it has to offer. Other hon. Members will have noted this Adjournment debate and those whose constituencies are bidding for city status will doubtless seek an opportunity of their own, so you will have many more interesting bids to hear about, Madam Deputy Speaker. My hon. Friend used this opportunity not only to set out Southend's case for city status, but to remind us that Southend provides a number of training opportunities for Olympic teams. He used this debate to set those out and remind other countries of the opportunities for them in his constituency.

I am sure that my hon. Friend will understand the reason why I have to disappoint him, which is that Ministers must remain impartial in this competition. Indeed, during Prime Minister's questions the hon. Member for North Antrim (Ian Paisley) tempted my right hon. Friend the Prime Minister to support the campaign for Ballymena in County Antrim to win the competition. Although my right hon. Friend recognised the powerful case that had been made, he, too, had to remind an hon. Member that Ministers must remain neutral. That is the reason why I have to decline my hon. Friend's kind invitation on this Valentine's day.

The reason fairness is so crucial in this competition is that this competition does not have any criteria in the usual sense of that word. City status continues, in this country, to be an honour granted by the sovereign—nowadays, following a competition—as a rare mark of distinction. Reasons for success or failure in these competitions are never given, and city status is not and never has been something that towns claim by ticking off a list of hard and fast criteria. The reason for that is fairly obvious. As we see when we look at a list of cities, any attempt to draw up a list of criteria would run into difficulties immediately. Some cities in the UK are large and some are small. Some have conspicuously attractive and well laid out city centres, whereas that applies less to others. Some have wonderful cathedrals, universities, airports, underground systems or trams, and some may lack those physical features, but boast a vibrant cultural life. My hon. Friend not only drew attention to the physical characteristics of his borough, but spent some time setting out its cultural attractions.

Mr Amess: Will my hon. Friend allow me to add something? I forgot to say that when Southend approached me about the bid, I immediately said, "Fine, but we don't have a cathedral." We have a number of churches that could perhaps be cathedrals, but will my hon. Friend confirm that a town does not need a cathedral to become a city?

Mr Harper: I can confirm that. There is no checklist of criteria that people can tick off to qualify. The guidance for entries to the competition is on the diamond jubilee pages of the Department for Culture, Media and Sport website. It lays out the type of information that towns bidding in the competition should include. They should give a flavour of the town and should lay out its interesting features and why it should become a city, as my hon. Friend has done this evening. The Government have said that we would like city status—and a lord mayoralty or lord provostship under the parallel competition among existing cities—to be conferred on a vibrant, welcoming community with an interesting history and a distinct identity. Those are the characteristics we have set out, but there are no hard and fast criteria. It is for towns to put together bids that spell out what makes them special.

If a town considers that it deserves to be granted city status, it should look at the guidance on the Department's website, and if it confines its case to the broad limit of 100 pages set out in the guidance its entry will be

[Mr Harper]

welcome. All valid entries received by the closing date of 27 May 2011 will be carefully and fairly assessed on their merits. The Government look forward to receiving strong entries from a variety of local authorities, including Southend, and to announcing the new city in early 2012.

My hon. Friend said that his mother Maud is a champion of Southend's bid for city status and that she will celebrate her 99th birthday soon. Whatever happens with Southend's bid, I look forward with him to his mother's receiving a communication from Her Majesty the Queen on her 100th birthday in 2012. So, whatever happens, there will be something to celebrate in Southend for my hon. Friend and his mother Maud.

Question put and agreed to.

8.52 pm

House adjourned.

House of Commons

Tuesday 15 February 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

JUSTICE

The Secretary of State was asked—

Bribery Act 2010

1. **Mr Brian Binley** (Northampton South) (Con): What recent progress he has made on the preparation of guidance on the implementation of the Bribery Act 2010. [40452]

3. **Joseph Johnson** (Orpington) (Con): Which bodies he has consulted in the preparation of guidance on the implementation of the Bribery Act 2010. [40454]

6. **Paul Goggins** (Wythenshawe and Sale East) (Lab): When he plans to implement the Bribery Act 2010; and if he will make a statement. [40457]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): I am at present working on the guidance to commercial organisations to make it practical and useful for legitimate business and trade. It will be published once I am confident that it addresses the legitimate concerns of all those who took part in the consultation process and who have made representations to me. The publication of the guidance will be followed by a three-month notice period before full implementation of the Act.

Mr Binley: Does my right hon. and learned Friend agree that the offences in the Act should not prevent businesses from using legitimate and proportionate promotional expenditure or corporate hospitality? I welcome the fact that he is going to prepare guidance, but will he do so on the basis that there is some fear and lack of knowledge out there, which needs to be dealt with?

Mr Clarke: I agree entirely with my hon. Friend, and I have had meetings with organisations such as the British Chambers of Commerce and the Federation of Small Businesses, whose members are particularly frightened about the prospects. Ordinary hospitality to meet and network with customers and to improve relationships is an ordinary part of business and should never be a criminal offence. I hope to put out very clear guidance for businesses of all sizes to make that clear and to save them from the fears that are sometimes aroused by the compliance industry—the consultants and lawyers who will, of course, try to persuade companies that millions of pounds must be spent on new systems that, in my opinion, no honest firm will require to comply with the Act.

Joseph Johnson: Many of our competitors overseas will not be so keen to rule out bribery as a means of competing. What steps will the Secretary of State take to ensure that British businesses are not put at a competitive disadvantage?

Mr Clarke: Along with the United States and others, we are one of the leading countries in pressing for a drive against corruption in the world, because corruption is bad for all business, including British business when it tries to export to other countries. Because of the debate that is taking place about the Act, I have had to reassure my American colleagues that we are not falling behind and that we will implement the Act. It is very important that we put ourselves where we should be—in the forefront of stamping out corruption not only in the developing world but in international trade generally.

Paul Goggins: May I encourage the Secretary of State to get on and implement the Act as soon as possible? Will he provide an assurance this afternoon that when the guidance is published, there will be no loophole for joint ventures or subsidiaries that would enable British companies to turn a blind eye to corruption?

Mr Clarke: I give that assurance, and I can assure the right hon. Gentleman that I am trying to get on with it. I believe it is possible to satisfy those who think we should give a lead in helping to stamp out corruption in international trade and other aspects of international relationships, and at the same time satisfy honest businesses that do not want unnecessary costs and burdens put upon them. They want the situation explained clearly to them so that, as my hon. Friend the Member for Northampton South (Mr Binley) said, ordinary hospitality cannot possibly be affected by the Act.

Robert Flello (Stoke-on-Trent South) (Lab): Although I welcome the Secretary of State's announcement that the Act will eventually be implemented, his comments today sound like rather a watering-down of the proposals. Yet the Foreign Secretary said at the Dispatch Box just two weeks ago:

> "Both parties in the coalition supported the Bribery Act when in opposition, we support it now, and it will be brought in rigorously, effectively and fairly."—[*Official Report*, 1 February 2011; Vol. 522, c. 733.]

Can the Secretary of State reassure the House that that is how the Act will be applied?

Mr Clarke: First, there is no watering-down of the Act. All parties supported it when it went through the House, and we are going to implement it properly. It requires me to provide statutory guidance to businesses on what steps they should take to ensure that they are trying to prevent bribery, and that is what I am working on. I believe that it is possible to produce guidance and enforce the Act in a way that produces the rigour and fairness that the hon. Gentleman demands. There is no backing down from the principles of the Act at all.

Legal Aid

2. **Mr Jim Cunningham** (Coventry South) (Lab): What assessment he has made of the potential effects of his proposals for legal aid reform on the provision of face-to-face legal advice; and if he will make a statement. [40453]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): We published initial impact assessments, including equality impact assessments, with our reform proposals, including the proposal to establish the community legal advice helpline as the single gateway to civil legal aid services. Face-to-face advice will continue to be available where it is appropriate.

Mr Cunningham: I am very interested in that reply. What does the Under-Secretary mean by "appropriate"? That seems to me to be a little get-out clause. I assume that he does MPs' surgeries. If so, he knows that people need face-to-face contact with their representatives—in this case, solicitors—to help them out. The measures will hurt some of the poorest families.

Mr Djanogly: The hon. Gentleman needs to appreciate that we are not considering some future project—the advice line exists. It was used by 600,000 people last year and it is getting something like a 90% satisfaction rating. Poorer people can be called back so that they do not pay for the call. Those who live in remote areas often greatly appreciate the telephone call, and those who are disabled also much appreciate having access by telephone. I take the exact opposite position from the hon. Gentleman and say that the advice line will help vulnerable people.

Mr John Leech (Manchester, Withington) (LD): Does the Under-Secretary accept that restricting advice on housing matters could result in more homelessness and additional costs to homelessness budgets in local authorities?

Mr Djanogly: No, I do not, because we are not proposing to remove legal aid when imminent homelessness is a possibility. Legal aid will be retained in that situation.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Is the Under-Secretary aware that there is deep resentment in my constituency about the attack on the South Manchester law centre, which is hugely valued, and about the attacks on advice bureaux? Will he understand that the activities of the malign Legal Services Commission will remove access to legal services for people on limited means?

Mr Djanogly: Just to be absolutely sure, neither my ministerial colleagues nor I, as far as I know, have attacked the South Manchester law centre in the right hon. Gentleman's constituency. If he would like to give me details of exactly what he is talking about, I would be happy to take it up.

Alun Cairns (Vale of Glamorgan) (Con): Many senior barristers earn hundreds of thousands—if not millions—of pounds from the public purse in the form of legal aid. What plans has the Under-Secretary to introduce a form of cap to stop the funds running to such sums?

Mr Djanogly: We have no proposals to put a cap in place. The amount of work that is carried out will be just that. We are looking at the rates that are paid in certain circumstances, and people's eligibility to receive advice in the first place.

Mr Andy Slaughter (Hammersmith) (Lab): Citizens Advice, the main provider of face-to-face advice, faces cuts of up to 45% and law centres face cuts of 70%. Legal service funding is an essential part of the income of all law centres and most CABs, but, according to the Government's own figures, it is being cut by 90%. I welcome the Business Secretary's U-turn on reinstating debt advice for one year only. Will the Under-Secretary take the opportunity, in considering the many responses to his consultation, to perform his own U-turn and drop his plans to end social welfare legal aid? If not, does he accept that the whole country will become an advice desert, and that he will be known as the man who ended universal access to justice?

Mr Djanogly: Anyone who suggests that there is universal access to justice in the context of access to legal aid has missed, for a start, the restrictions that the previous Labour Government put on access. We need take no lessons from the hon. Gentleman's party, which, on the day the election was called, cut criminal legal aid by 13%. We take no lessons from him.

4. **Anas Sarwar** (Glasgow Central) (Lab): What assessment he has made of the likely effects of the planned reduction in the legal aid budget on citizens advice bureaux and law centres. [40455]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): We published equality impact assessments with our reform proposals. They considered impacts on the not-for-profit sector collectively, but not on individual types of not-for-profit organisation. We are working closely with colleagues across Government to formulate a coherent approach to that issue so that we can encourage and co-ordinate support for the valuable not-for-profit sector.

Anas Sarwar: The reforms mean that people are now expected to represent themselves in an increasing number of proceedings. However, the Government's figures show that the success rate for people who receive proper legal advice and help before appearing in court is double that for those without representation, even though their cases have equal merit. Given that the Under-Secretary has already mentioned potential cuts for CABs and law centres, how does that fit with the principle of equal access to justice for all?

Mr Djanogly: The hon. Gentleman needs to appreciate that the not-for-profit sector, while being valuable, often offers legal advice in circumstances in which general help is needed. There are many different funding streams, and we are talking about the legal aid funding stream, whereby CABs, for instance, receive only 15% of their funds from the Ministry of Justice. That makes it a cross-departmental issue, which we are taking up on a cross-departmental basis—something that the Labour party failed to do throughout its period in government.

Mr Robert Buckland (South Swindon) (Con): I am encouraged by the Minister's emphasis on cross-departmental co-operation. Will he assure me that he and his colleagues will do everything they can to maintain the continuation of services such as the Wiltshire law centre and the citizens advice bureau in my constituency, which often find that legal and social issues cannot be distinguished?

Mr Djanogly: My hon. Friend says that some centres find that legal and social issues cannot be distinguished, but that depends on how they are funded. For instance, only 50% of CABs receive any Ministry of Justice funding whatever. That very much depends on whether a centre offers general or legal help. However, I repeat that we realise that advice provision needs to be looked at on a cross-departmental basis. We appreciate that there is an issue for not-for-profits, and we are determined to address it.

Jeremy Corbyn (Islington North) (Lab): Is the Minister aware that the other funding streams he talks about are often from local government to advice bureaux, law centres and CABs? All over the country, they are being decimated. Many valuable voluntary advice services that give not legal advice, but wraparound, general advice, face enormous cuts. Thus, people lose out on benefits and opportunities, and often end up homeless as a result of a lack of appropriate advice at the necessary time.

Mr Djanogly: The hon. Gentleman makes a very fair point, and has clarified a point that I made earlier: there is a difference between general advice and legal advice. We appreciate that not-for-profits have an issue when we consider funding streams all added together. Those who attended the legal aid debate two weeks ago would have heard me make a plea to local government to support the general advice provided by their CABs. I repeat that plea today.

Prisoners (Rehabilitation)

5. **Jeremy Lefroy** (Stafford) (Con): What steps he is taking to ensure that prisoners gain the skills and experience required to find work after leaving prison. [40456]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): With the Department for Business, Innovation and Skills, the Ministry of Justice is undertaking a review of offender learning, which includes how best to provide learning that will improve prisoners' employability. The Green Paper, "Breaking the Cycle: Effective Punishment, Rehabilitation and Sentencing of Offenders", sets out our intention to make prisons places where many more prisoners work and gain employment experience.

Jeremy Lefroy: I welcome the Government's emphasis on rehabilitation. Up and down the country, including in Staffordshire, many organisations work very hard and very effectively—and cheaply—on that. Will the Minister agree to meet me and colleagues from Staffordshire to discuss how we can continue to support such organisations?

Mr Blunt: I will be delighted to meet my hon. Friend and colleagues from Staffordshire. Prisons and probation trusts already work with a large number of community organisations, but the Green Paper makes it clear that we want an ever-wider range of community organisations and individuals to become involved in helping ex-offenders to lead law-abiding lives. The system change that we are making, which I am happy to discuss with my hon. Friends, will enable the big society to help us to deliver a revolution in rehabilitation.

Helen Goodman (Bishop Auckland) (Lab): Does the Minister not understand that all his good intentions and fine words will be swamped by the massive spending cuts that his Department is taking? Closing three prisons and cutting the building programme will worsen overcrowding, and cutting 23%—some 10,000—of the front-line prison and probation staff will reduce the number of opportunities for prisoners to train and work. When will he come forward with a credible strategy?

Mr Blunt: We are about to come forward with a credible offender learning strategy. The budget will remain very much the same as that which we inherited, because we realise that that strategy is a priority. Unfortunately, a significant amount of the money spent under the previous Administration went to waste. If the hon. Lady reads the reports from independent monitoring boards, she will see repeated complaints about the quality of offender learning in prisons under the previous Administration. We will put that right.

Legal Aid

7. **Nicky Morgan** (Loughborough) (Con): What plans he has for the size of his Department's budget for civil legal aid. [40458]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): We published impact assessments alongside our reform proposals setting out their potential financial implications. We estimated that the savings to civil legal aid would be around £255 million by 2014-15. Total civil legal aid expenditure was around £900 million in 2008-09.

Nicky Morgan (Loughborough) (Con): We all appreciate the need to make savings, but citizens advice bureaux, including the Charnwood CAB in my constituency, play an important role—hon. Members on both sides of the House have drawn attention to their CABs. Mention has been made of the difference between legal and general help. May I suggest that the Minister consider, with the Department for Work and Pensions, simplifying the length of the forms that people need to fill in? The CAB currently helps benefits claimants who sometimes have to fill in forms of up to 52 pages in length.

Mr Djanogly: Yes, I can confirm to my hon. Friend that we are in discussions with the Department for Work and Pensions on exactly that matter, and more generally on improving early intervention, so that preferably people will not need to go to a tribunal at all.

Valerie Vaz (Walsall South) (Lab): We heard evidence this morning that conditional fee agreements were driving up costs in clinical negligence cases. Will the Minister look again at Lord Justice Jackson's view that legal aid in such cases should not be cut?

Mr Djanogly: We are indeed doing that. The consultation on Lord Justice Jackson's recommendations closed yesterday, and we have had a large number of responses. We will look carefully at those over the coming weeks and come back with our response to the consultation. I agree that this is an important matter in terms of legal aid and conditional fees arrangements in so far as half of clinical negligence cases are funded by the former and half by the latter.

Tom Brake (Carshalton and Wallington) (LD): On budget savings, has the Minister had a chance to consider how much might be saved in the legal aid budget by not allowing cases of unaccompanied children and young people whose asylum claims have failed to be dealt with under legal aid, and indeed those who have fled domestic slavery? Will he look again at whether the savings derived are appropriate, given the impact that it will have on these categories of people?

Mr Djanogly: In all those circumstances—the hon. Gentleman mentioned a lot quickly—I think that we will be retaining access to legal aid.

Dr William McCrea (South Antrim) (DUP): Recently, Ministers drew attention to the staggering sum of £38 per head of population in England and Wales being spent on legal aid funding. That figure is £3 in France and £5 in Germany. Will he give us the comparisons with the rest of the regions of the United Kingdom, including Northern Ireland and Scotland?

Mr Djanogly: I can tell the hon. Gentleman that England and Wales spend more on legal aid than anywhere else in the world except Northern Ireland. In Spain, the figure is about £2.50, in France £3, in Germany £5 and in other common law countries it is more like £9 to £11. Some people say that our system is different, but actually other common law countries spend about a third of what we spend on legal aid. After our proposals, we will still be spending more on legal aid than any other country in the world.

Early Release Scheme

8. **Mark Menzies** (Fylde) (Con): How many prisoners with convictions for violent offences were released under the early release scheme between 2007 and 2010. [40459]

The Minister for Policing and Criminal Justice (Nick Herbert): Between 29 June 2007 and 9 April 2010, 81,578 prisoners were released under the end of custody licence scheme. Of those, 16,335 were violent offenders. The scheme finished last year with the last release on 9 April.

Mark Menzies: Does the Minister agree that the consequences of the previous Government failing to get a grip on reoffending were that our prisons reached bursting point until the then Justice Secretary had to release prisoners early, thus putting the public at risk?

Nick Herbert: I strongly agree with my hon. Friend. By failing to plan properly for the necessary prison accommodation, the previous Government were forced to resort to the end of custody licence scheme. More than 1,600 of those 80,000 prisoners released committed further offences while on the scheme, including very serious offences. One of those offences was murder.

Nick Smith (Blaenau Gwent) (Lab): How confident are the Government that fast-tracking the release of prisoners with sentences of imprisonment for public protection—IPP prisoners—will not put the public at increased risk of serious crime?

Nick Herbert: We will take no risks in this respect. All prisoners who have to be released under the IPP scheme will be properly risk assessed. I repeat that the problem with the previous Government's approach was that these prisoners were released automatically simply because the previous Government had run out of space. However, that scheme was cynically brought to an end just before the last election.

Mr Richard Bacon (South Norfolk) (Con): Of the 16,300 or so prisoners whom the Minister mentioned, how many were failed asylum applicants who were not deported?

Nick Herbert: I am afraid that I do not have those figures available for my hon. Friend. However, there is a separate issue about the number of foreign national prisoners in our jails, and it remains the Government's policy to seek to remove them on release as soon as possible.

Sadiq Khan (Tooting) (Lab): Can the Minister confirm that on four occasions—in 1984, 1987, 1991 and 1996—the previous Conservative Government released prisoners earlier and with far fewer safeguards? Let me also ask him about the early release of prisoners convicted of violent offences. He mentioned that those serving an IPP sentence will be released early. Exactly how many of the 6,000 prisoners currently serving an IPP sentence will be released early, and what criteria will be used?

Nick Herbert: I am happy to confirm to the right hon. Gentleman that none will be released early and all will continue to be risk-assessed.

Sadiq Khan: Let me ask the Minister to answer this question accurately then. Can he confirm that, as a direct consequence of the cuts that his Department has accepted from the Treasury, there are now fewer programmes for those on an IPP sentence, which means a longer delay before they go on a programme? Can he also confirm that the consequence of the cuts in front-line probation and prison officers will be less rehabilitation while in prison, and that another consequence of the cuts that he has accepted will be cuts to the Parole Board, which will mean a double whammy of more prisoners being released prematurely and less rehabilitation in prison?

Nick Herbert: The right hon. Gentleman has to get his attack right. One moment he seemed to be saying that we were about to release too many IPP prisoners; now he seems to be saying that we will release too few. Which is it? The fact is that there has been a growth in the number of IPP prisoners. Everybody accepts that IPP sentences have become de facto life sentences and that we have to address that, but there will continue to be a proper risk-assessment of any prisoner released from an indeterminate public protection sentence.

Foreign Prisoners (Translation Services)

9. **Mr Steve Brine** (Winchester) (Con): What assessment he has made of the adequacy of provision of language translation support for foreign national prisoners. [40460]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): Translation and interpretation services are provided locally through central contracts. It is for the local prison authorities to determine the extent to which translation services are needed on a case-by-case basis.

Mr Brine: Foreign national prisoners constitute about 15% of the total inmate population at HMP Winchester. A constituent of mine who is a member of the local monitoring board has raised concerns with me about the language translation support made available to foreign inmates there, particularly where deportation documents are issued. Does the Minister agree that putting in place efficient translation measures would help to improve the speed and efficiency with which inmates who have served their sentences and are awaiting deportation from our country are moved through the system?

Mr Blunt: I certainly would agree. We want to make it clear that we want absolutely no administrative hurdles put in the way of deporting foreign national prisoners back to where they belong.

Mr David Hanson (Delyn) (Lab): Just for the purposes of planning for language services, will the Minister indicate what changes he expects in either the percentage or number of foreign national prisoners in this country over the next 12 months, so that we can judge his success in deportation?

Mr Blunt: All I know is that, having inherited the utterly dreadful position that we face—a position for which the right hon. Gentleman bears some responsibility, having held responsibilities in this area in the past—we are determined to make as much progress as possible. He understands, having presided over a doubling in the number of foreign national prisoners in our jails, just how difficult it is to get them sent home once they are here, but we will be making as much progress as we possibly can.

Rehabilitation Policy

10. **Fiona Bruce** (Congleton) (Con): With which third sector organisations he plans to work to deliver his rehabilitation revolution policy. [40461]

The Minister for Policing and Criminal Justice (Nick Herbert): The voluntary sector has a critical role to play in delivering the Government's rehabilitation revolution. We will open up the market to enable a greater number of independent providers, including from the voluntary and social enterprise sectors, to contribute towards reducing crime and reoffending. We have consulted widely with the sector to develop the proposals in our Green Paper.

Fiona Bruce: Excellent work is being done by local voluntary organisations, such as the Message Trust in Manchester, to help ex-prisoners stay away from reoffending. What can the Minister do to ensure that smaller charities are not excluded by large corporations bidding for payment-by-results schemes?

Nick Herbert: I want to reassure my hon. Friend that we certainly do not wish the smaller charities to be excluded from the rehabilitation revolution. The organisations that she mentions are not in the pilot scheme that we are running in Peterborough, where the social impact bond involves two key voluntary organisations, and we want that to continue in the other pilots that we are pursuing.

Mrs Jenny Chapman (Darlington) (Lab): We obviously welcome the rehabilitation revolution, but is the Minister aware that there is concern among prison governors about the increased amount of time that inmates will be required to spend in their cells, thereby being unable to partake in any rehabilitation, because of the cuts to the prison budget? What assurances can he give prison governors that they will not have to increase the amount of time for which prisoners are just banged up?

Nick Herbert: I am afraid that prisoners were also spending too much time in their cells and not pursuing purposeful activity under the previous Government, when there were increases in spending, year on year. So this problem is not simply linked to spending. We are determined that prisons should be places of work and purposeful activity, so that we can focus on reducing reoffending.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Assuming that payment-by-results schemes get beyond the pilot stage, what commissioning organisations do Ministers envisage deciding between private, public and third sector bidders, and how will the scheme function to provide contracts on a scale that charities and third sector organisations can undertake?

Nick Herbert: As we set out in the Green Paper, we are consulting on how the five pilot schemes should proceed in various sectors, in order to see how we can make payment by results work. The existing pilot, involving the Peterborough social impact bond, is also still running. Our intentions are to unlock the expertise of the independent and third sectors in order to reduce reoffending, and to examine how the public sector can participate in the schemes.

Joan Walley (Stoke-on-Trent North) (Lab): In the corner of Staffordshire and Cheshire, we have a state-of-the-art community chaplaincy scheme, which has got reoffending down to 12 %, compared with the national average of 70%. In the meeting that the Ministers have promised to have with Staffordshire Members, will they undertake when considering rehabilitation to take account of the best practice shown by that scheme in Stoke-on-Trent?

Nick Herbert: Those are precisely the kind of schemes whose expertise we want to unlock, and we want to engage more of them where we can. The rehabilitation revolution will provide an opportunity to do that. The key is to upscale such projects and make them more widely available, which is why payment by results offers such an important opportunity.

Human Rights Act 1998

11. **Pamela Nash** (Airdrie and Shotts) (Lab): What work his Department is undertaking on the future of the Human Rights Act 1998. [40462]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): The Government are committed to establishing a commission in 2011 to investigate the creation of a British Bill of Rights. We will make a statement to Parliament on the precise terms of reference and the appointment of the commission in due course.

Pamela Nash: I thank the Secretary of State for that answer. The Prime Minister has made it clear that he wishes to replace the Human Rights Act with a Bill of Rights, while the Deputy Prime Minister seems determined to defend the Act. Will the Secretary of State make it clear today, once and for all, on which side of the fence his Department sits?

Mr Clarke: What my two right hon. colleagues agreed on in the coalition agreement was to establish a commission to investigate the case for a Bill of Rights. I am now discussing that with the Deputy Prime Minister and, as I have said, we will announce in due course the terms of reference for the commission that is to resolve the issue.

Mr Peter Bone (Wellingborough) (Con): Yet again, the coalition Government are doing the right thing by looking at a Bill of Rights. The Secretary of State never wastes any time, so will he tell me when the commission is going to report and when we are going to get some action?

Mr Clarke: We have firmly and urgently committed ourselves to establishing the commission in the year 2011.

Disability Living Allowance (Tribunals)

12. **Bob Russell** (Colchester) (LD): What advice his Department provides to members of tribunals hearing appeals against decisions on the award of disability living allowance. [40463]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): The Ministry of Justice does not provide any advice to members of tribunals, because the judiciary is entirely independent of the Government.

Bob Russell: Well, I suggest that it is about time the Department did something. It has only to look at the case of Mr Robert Oxley, which I raised at Prime Minister's question time last month. The Minister would do well to look at the records of the tribunal in Colchester, and particularly at the cases heard by Mrs Hampshire.

Mr Djanogly: I must emphasise to my hon. Friend that it is not for Ministers to adjudicate on judges' behaviour, because they are independent of the Government. I can tell him, however, that tribunal members undertake annual refresher training, which enables them to carry out their duties effectively. Any appellant who is unhappy with the decision of a tribunal can appeal to the upper tribunal. If an appellant is unhappy with the conduct of the panel, or a member of the panel, they can make a complaint to the regional judge.

Dame Anne Begg (Aberdeen South) (Lab): The tribunal system is under a lot of pressure, with an average wait of between 11 and 12 weeks. This is not only because of disability living allowance claims, but because more people will be coming into the tribunal service as the Government proceed with their migration of those on incapacity benefit on to employment and support allowance. The system is already experiencing stresses and strains. What are the Government going to do to ensure that people get the correct determination in as timeous a way as possible?

Mr Djanogly: We have been in touch with the Department for Work and Pensions to make sure that we have a better, more seamless system between the two Departments. We have also been dealing with the increase in tribunal hearings, which the hon. Lady rightly brings up, and have increased the number of judges and the number of medical staff. I am pleased to say that it is now within our sights to end the backlog.

Community Sentences

13. **Mel Stride** (Central Devon) (Con): What plans he has for community sentences. [40464]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): We want non-custodial sentences to reflect more clearly and closely the principles of sentencing. Community payback will be a more definitively punitive disposal—more immediate and more intensive. Restoration to victims will also have a higher priority, with compensation orders to victims becoming the first consideration for sentencers. Public protection will be delivered through curfews and reporting requirements and more flexibility for offender managers to deliver rehabilitation through interventions tailored to the individual circumstances of each offender.

Mel Stride: Community sentences are often seen by the public as a bit of a soft option. Can my hon. Friend provide some specific examples of how he will ensure that they are tough enough?

Mr Blunt: The Green Paper sets out our intention to make community payback more intensive, more immediate and better enforced. We also intend to provide tougher punishment and better public protection by increasing the duration of electronically monitored curfews. The maximum hours might be increased from 12 to 16 each day and the maximum length of a curfew from six months to a year.

Prisoners' Work

14. **Chris Skidmore** (Kingswood) (Con): What plans he has to increase the amount of work carried out by prisoners. [40465]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): We have set out our intention to make prisons places of work and industry in the Green Paper published on 7 December 2010, and our response to the consultation will be published in May this year. Achieving a significant increase in useful work, which is also economically positive for the Prison Service, victims and rehabilitation, is a high priority for this Government.

Chris Skidmore: Does the Minister agree that we need to get more prisoners working so that when they are released, they are more likely to get back into employment? How many hours does he suggest prisoners should spend working each week?

Mr Blunt: We would like get to a position where prisoners work an ordinary working week of 40 hours. No one should underestimate the difficulty of making that a reality across the entire prison estate, as prisons have different purposes and a different physical geography in each case. I am absolutely determined, however, to use all our endeavours to maximise the amount of productive work done in prisons. That is why I have said that this is a first-order priority, certainly for this Prisons Minister.

Legal Aid

15. **Shabana Mahmood** (Birmingham, Ladywood) (Lab): What assessment he has made of the likely outcomes of the planned reductions in the legal aid budget. [40466]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): Our approach to the legal aid reforms has been to focus resources on those who most need help in the most serious cases in which legal advice or representation is justified. I believe that the outcome will be a system that is more responsive to public needs, allowing people to resolve their issues out of court, using simpler, more informal remedies where appropriate, and encouraging more efficient resolution of contested cases where necessary.

Shabana Mahmood: My constituency is one of the most deprived in the country and is also 60% non-white. Given that the Government's cuts to legal aid will disproportionately affect those on low incomes, ethnic minorities, people with disabilities and women, can the Minister explain how his plans for legal aid are in any way fair?

Mr Djanogly: I should point out that people on high incomes do not get legal aid. We need to change behaviour; there needs to be a less contentious approach to the law and early intervention, which means looking at new ideas such as mediation.

Rehman Chishti (Gillingham and Rainham) (Con): With regard to the outcomes of the reforms, particularly in family law cases, will the Minister clarify and confirm that in such cases, divorcing couples' equity and assets will be taken into account when determining legal aid so that those who can pay do pay?

Mr Djanogly: In public family law, legal aid will remain. In private family law, legal aid will be removed, because we believe fundamentally that the taxpayer should not have to pay for a regular divorce, a contact application or splitting up family assets. People should go to mediation to sort out their problems among themselves—not at the cost of the taxpayer.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I have an example of a case in Sheffield where a 62-year-old grandmother used legal aid to go through the processes she needed to go through to care for her two grandchildren, who were otherwise at risk of going into care. Will the Minister assure me that grandparents in such a situation will be able to do that in future? Otherwise, the cost to the state of caring for small children will be considerably more than that of the legal aid.

Mr Djanogly: What I can tell the hon. Lady is that we do not propose to remove public family law legal aid, and that includes cases in which the state wants to take away someone's children.

Young Offenders Institutions

16. **Karl Turner** (Kingston upon Hull East) (Lab): What plans he has for future funding for training for employees to work in young offenders institutions. [40467]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): The juvenile awareness staff programme, known as JASP, is the only training programme that is specifically designed for staff working in young offenders institutions holding those aged under 18. In partnership with the Youth Justice Board, the National Offender Management Service provides JASP training for staff working in public sector young offenders institutions. Funding from the YJB for JASP training is agreed for 2011-12.

Karl Turner: I am sure that the Minister shares my concern about the tragic case of Adam Rickwood, who committed suicide shortly after being restrained by youth detention officers when in custody in 2004. Can he assure the House that the savage cuts to his Department will not result in any diminution of safe restraint techniques in such institutions?

Mr Blunt: Let me take this opportunity to convey, again, our commiserations to the family of Adam Rickwood, who died in such sad circumstances. The short answer to the hon. Gentleman's question is, of course, yes.

Sentencing Guidelines

17. **Mr David Nuttall** (Bury North) (Con): What plans he has for the future of sentencing guidelines. [40468]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): Responsibility for the issuing of sentencing guidelines rests not with the Government but with the independent Sentencing Guidelines Council. It is for the council to decide on what matters such guidelines should be prepared for the courts.

Mr Nuttall: I thank the Minister for his answer, but I think that many people outside the House will look to it for leadership on the issue of sentencing. Will he give a clear steer to the council that we must never see a repeat of what we saw last month, when a judge was unable to do what he wanted and send a house burglar to prison because of the sentencing guidelines?

Mr Blunt: Let me caution my hon. Friend slightly against wholly relying on the account of that case that we read in the press. What we ought to know is that the judge was able to give that individual a very significant community sentence. Indeed, he concluded that a prison sentence would probably have been a rather lighter punishment, given all the conditions involved in the community sentence. However, the House will have an opportunity to make its views heard in due course when a sentencing Bill is introduced.

Employment and Support Allowance

19. **Duncan Hames** (Chippenham) (LD): If he will bring forward proposals to reduce the time taken by tribunals to determine the outcome of appeals against work capability assessments for employment and support allowance. [40471]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): The Tribunals Service has already acted to increase its capacity to dispose of more appeals. It expects to return to normal levels of work in hand for employment support and allowance appeals by the summer of 2011.

Duncan Hames: In Chippenham, 50% of such appeals are consistently upheld. Those cases need never have arisen if the Government's assessor, Atos Healthcare, had had a sufficient incentive to get the decisions right in the first place. The cost to the Department and the taxpayer was about £10 million last year. Will the Minister discuss with the Department for Work and Pensions mechanisms by which the liability could be transferred from the taxpayer to the Government's contractor?

Mr Djanogly: I can confirm that the Department for Work and Pensions has worked to improve the quality of the original decision making and its reconsideration process so that only appropriate appeals filter through to the Tribunals Service. I am in regular contact with the Department to discuss the matter.

Bribery Act

20. **John Howell** (Henley) (Con): Which organisations he consulted in preparing guidance on the implementation of the Bribery Act 2010. [40472]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): I refer my hon. Friend to the answer that I gave in reply to Question 1.

John Howell: I thank my right hon. and learned Friend for his comments on statutory guidance. During the Committee stage of the Bribery Bill, there seemed to be little appreciation among Labour Members that there were such things as legitimate promotional activities for companies. Will he ensure that the guidance is both clear and practical?

Mr Clarke: I agree with my hon. Friend. My hon. Friend the Member for Huntingdon (Mr Djanogly), who is now Under-Secretary of State for Justice, led for the Opposition at that time, and I believe that it was Conservative Members—including my hon. Friend the Member for Henley (John Howell)—who raised the problems that could be posed for legitimate businesses. It is because of those problems that we need the guidance, and the guidance must make it absolutely clear that ordinary, legitimate promotion—hospitality and similar activities in which people engage in order to project the quality of their company and its products or services, and to establish personal relationships with clients and customers—is all part of international trade. The Bill can be used to tackle corruption without damaging British business at a time of, we hope, revival in our international trade.

Prison Estate

21. **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): What plans he has for the future of the prison estate. [40473]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): Our current plans are to build the prisons to which we are contractually committed, and we recently announced the closure of three prisons. The Ministry of Justice recently published a Green Paper outlining proposals for reforms to sentencing and rehabilitation. We are considering our long-term strategy for prisons in the light of these policy developments.

Eric Ollerenshaw: I thank the Minister for his answer. Is it possible to give an update on the planned closure of Lancaster Castle prison, particularly in regard to the redeployment of staff and future use of the castle?

Mr Blunt: The Ministry of Justice is in discussions with the Duchy of Lancaster, which owns the castle, regarding its future use after its closure as a prison. All staff at Lancaster Castle will be either redeployed to other establishments, retained at the prison to provide ongoing maintenance or offered the opportunity to leave the service on voluntary exit terms.

Ian Lavery (Wansbeck) (Lab): Can the Minister tell the House what proposals his Government have for the future market testing of existing prisons in the UK?

Mr Blunt: We inherited a competition strategy from the last Administration, which is continuing. The strategy is being applied to prisons that are currently in the public sector, particularly Birmingham.

HM Courts Service

23. **Kris Hopkins** (Keighley) (Con): What recent progress his Department has made in recouping outstanding financial penalties that remain uncollected by HM Courts Service. [40475]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): We have published impact assessments and equality impact assessments alongside the legal aid consultation, and these set out in detail what we think the effects of the proposals might be. We must face up to tough choices, and our proposals focus resources on those who need help most for the most serious cases in which legal advice and representation are justified.

Kris Hopkins: I think that was the wrong answer to my question.

I hope the Secretary of State has made progress in collecting the money that criminals have been fined, and may I ask that once we have collected some of the money and we have made a contribution to reducing the deficit, we increase our prison capacity?

Mr Speaker: The Minister delivered his answer with admirable force and self-confidence, but I think it suffered from being the wrong answer, as he was, perhaps, not expecting to be responding to this question. If he can provide us with the right answer to the question now, we will be very grateful.

Mr Djanogly: I think the appropriate answer in the circumstances, Mr Speaker, is that we will look into this issue and get back to the House.

Topical Questions

T1. [40478] **Andrew Stephenson** (Pendle) (Con): If he will make a statement on his departmental responsibilities.

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): May I begin by making a topical statement, Mr Speaker?

Hon. Members will know that I am determined to deliver much overdue reform to the way in which the criminal justice system operates. Every year, 1.8 million criminal hearings and trials take place. The police, judiciary and others far too often find that the bureaucratic, inefficient system works against their best efforts, rather than for them. It is immensely frustrating that, for example, the key people in the system—the police, prosecutors and probation staff—are often unable to e-mail each other the crucial information they need to bring a prosecution; it all has to be done in hard copy. The average straightforward case heard in the magistrates courts takes 19 weeks from the offence being committed to the case concluding, and only four out of every 10 trials in the magistrates courts go ahead on the planned day. We cannot afford to maintain this sort of system that wastes the time of the police, victims and witnesses.

I am therefore working on radical plans to modernise and reform the criminal justice system and reduce these bureaucratic failings with my right hon. Friend the Home Secretary, my right hon. and learned Friend the Attorney-General, the judiciary, the criminal justice agencies and my right hon. Friend the Minister for Policing and Criminal Justice, who will take the lead role in co-ordinating our efforts. I look forward to receiving any representations on the subject and will report back to the House in the summer.

Mr Speaker: Order. I would be grateful if the Secretary of State did not also lay out the plans in the course of his answer.

Andrew Stephenson: I thank my right hon. and learned Friend for his very full answer. Many young offenders are drawn into a cycle of crime that sees them spend many years of their life in detention. What steps does he think will help young people to get a second chance?

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): The first thing is to have increased early intervention to avoid their needing a second chance in the first place. Then we need to ensure that young offenders are offered more of an opportunity to pay back their victims and communities, and to incentivise local partners to reduce youth offending and reoffending by using new payment-by-results models.

Sadiq Khan (Tooting) (Lab): In this Saturday's excellent Mary Riddell interview in *The Daily Telegraph*, the Lord Chancellor said:

"I slightly expect that some crimes will go up".

I remind the House that in times of both growth and recession between 1997 and 2010 the level of crime consistently went down. I know that he is neither sloppy nor complacent, so can he tell the House what crimes he thinks will go up, why he thinks they will go up and what he is going to do about it?

Mr Clarke: During the period of the Labour Government, to which the right hon. Gentleman refers, acquisitive crimes against property fell particularly sharply. That was because of the growth of the economy and the boom, among other matters; these things are not too simple. The biggest fall in crime achieved when Labour was in office was on vehicle crimes, because the vehicle manufacturers greatly improved the security of the vehicles and made this more difficult. In this contentious and not simple area of what causes crime and what does not, I have always been inclined to believe that in times of recession the level of crime against property is likely to rise and in times of growth it tends to fall. That is why I have to be prepared to accommodate however many people are sent to us by the courts. What we are doing about it is making what I hope is a more effective system of preventing crime and of diverting people out of crime but punishing severely those who commit it.

T2. [40479] **Mr Laurence Robertson** (Tewkesbury) (Con): According to Ministry of Justice figures, only 44% of people convicted of burglary offences actually get immediate custodial sentences. Does the Secretary of State think that that figure is about right or does he intend to take legislative steps to increase it?

Mr Clarke: As the Under-Secretary of State, my hon. Friend the Member for Reigate (Mr Blunt), said in reply to a question a moment ago, sentencing is a matter for the Sentencing Guidelines Council and for the judges, who hear all the facts of the case; they can hear a victim's statement and they can hear mitigation for the accused. We keep an eye on percentages, of course, but the sentence in each case has to be the appropriate sentence for the facts of and the offender in the case. Although burglary is a serious offence that normally attracts imprisonment, it covers a wide range of circumstances, from someone breaking in with a hood over his head in the middle of the night to someone walking through an open door grabbing a knick-knack and running out through the door again. So we have to leave it to the judges.

T6. [40483] **Jeremy Corbyn** (Islington North) (Lab): Has the Secretary of State considered carefully the representations that he will have received concerning

clause 151 of the Police Reform and Social Responsibility Bill on universal jurisdiction? He will be aware that restricting access to the British courts in respect of crimes against humanity committed anywhere in the world will send a very bad message to the rest of the world and will make this country a more pleasant place for war criminals and those who have committed crimes against humanity to try to come to.

Mr Clarke: I must make it absolutely clear that the Government are not reducing, in any way, the importance we attach to the proper enforcement of the law against those guilty of war crimes or crimes against humanity. We are making a slight change to the circumstances in which a citizen can obtain an arrest. The prior approval of the Director of Public Prosecutions will be needed, in order to make sure that there is a reasonable prospect of prosecution in the case; that is not where we are at the moment. I assure the hon. Gentleman that nobody on either side of the House wishes to see this country downgrade the importance we attach to enforcing crimes against humanity and war crimes.

T3. [40480] **Andrew Bridgen** (North West Leicestershire) (Con): It is reported that about 70% of prison inmates are believed to have two or more mental health conditions and that about one in 10 prison inmates have a serious mental health problem. What steps are the Government taking better to identify and help prisoners with mental illness?

Mr Blunt: As we made clear in the Green Paper, we will, with the Department of Health, have invested £50 million by 2014 in establishing a liaison and diversion service, both in the police stations and in courts, to ensure that people who should more appropriately be treated in the health service do not go to prison. Of course prisons and secure mental hospitals will remain the appropriate place for offenders who have committed serious offences and pose a risk to the public. Prison health services will continue to provide care and treatment for the majority of prisoners with mental illness, with the additional support of specialist mental health inreach teams.

T7. [40484] **Helen Jones** (Warrington North) (Lab): On the planned national diversion service, will the Minister tell the House who will provide the mental health assessments in police stations and courts that will be necessary for that service to work? Have the necessary provisions to provide that service been included in the budget?

Mr Blunt: Those assessments are a matter of health rather than justice, so the Department of Health is leading on establishing the liaison for diversion services.

T4. [40481] **Miss Anne McIntosh** (Thirsk and Malton) (Con): How does the Lord High Chancellor envisage promoting the big society in his Department, particularly in terms of shop theft and having some kind of community payback in relation to those who have stolen from society in that way?

Mr Blunt: I am very grateful to my hon. Friend who has done particularly good work in this area in getting policy changes under the previous Administration. We want to make restorative justice and compensation orders the first point of departure for such offences so that offenders are able to make good to their victims.

T8. [40485] **Sheila Gilmore** (Edinburgh East) (Lab): Will the Minister reconsider his original thinking on the definition of domestic violence and the evidential requirement when deciding whether to make legal aid available in family law cases?

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): I have to tell the hon. Lady that we have just consulted on this—the consultation ended yesterday—and that we will consider carefully what people have said. We put a definition of domestic violence in the Green Paper and we will look carefully at how people have commented on that.

T5. [40482] **Mr Gary Streeter** (South West Devon) (Con): In an effort to save legal aid, and following the vote in the House last Thursday, why not now exclude expressly from any legal aid application prisoners who seek to claim compensation from the Government for not having the right to vote?

Mr Blunt: As I understand it, the likely level of compensation would mean that prisoners making such claims would not be eligible for legal aid in any event. However, that will not prevent the situation with no win, no fee arrangements, as a substantial case list is being created by solicitors touting for custom.

Mr David Lammy (Tottenham) (Lab): The whole House will be aware of the worst scenes of poverty in America. Will the Minister with responsibility for legal aid think again? Currently, both local authorities and his Department are cutting the money available for advice. Where will the people of Haringey, the constituency in which the baby P and Victoria Climbié cases occurred, get that advice?

Mr Djanogly: Let me tell the right hon. Gentleman that citizens advice bureaux and not-for-profit organisations have been able to do legal aid work for only 11 years. Before that, they just gave general advice. He must appreciate that when the previous Government allowed those organisations to do legal aid work, they did not look at the matter holistically. They did not look at the various funding streams coming together or at the waste in the system. Now that the money has gone, we are having to look at those things.

T9. [40486] **Stephen Lloyd** (Eastbourne) (LD): I was delighted to hear over the weekend that the Department for Business, Innovation and Skills has managed to find an additional £27 million to pay for CAB debt advisers. Could any additional funding be found by the Ministry of Justice for groups such as the Brighton housing trust in my constituency, which plays an important role in providing housing advice of the kind that, if it is not dealt with at an early stage, ends up costing—

Mr Speaker: Order. We are very grateful to the hon. Gentleman.

Mr Djanogly: Yes, we are looking at various early interventions in relation to housing, welfare benefits, special educational needs and, importantly, private family law.

Tony Lloyd (Manchester Central) (Lab): The Minister recognises that there is a need for advice on debt, benefits, housing and many other things. The problem faced by the constituents of Members on both sides of the House is that although the cuts to legal aid are happening now, his proposed solution seems a long way off. What is going to fill the gap?

Mr Djanogly: We accept that there are issues in terms of funding because a lot of advice is given as general advice and is mainly funded by local councils. We are in discussions across government about how we can approach the matter holistically to make sure that such provision stays in place.

Paul Maynard (Blackpool North and Cleveleys) (Con): Does the Secretary of State agree that increasing the number of people in our prisons should not be an end of Government policy in itself, but rather that the prison population should reflect the number of indictable crimes committed?

Mr Clarke: I entirely agree with my hon. Friend, although determining how many prisoners we should have can become a completely false argument, as that is determined in any event by the courts reacting to the level of crime and proposing appropriate sentences. We are determined to use prisons so that not only do they punish the offender, but, where possible, we can increase the number of offenders who are persuaded to give up crime when released and cease to offend thereafter, which will reduce the number of victims. I think that the approach taken by the Under-Secretary of State, my hon. Friend the Member for Reigate (Mr Blunt), is the common-sense approach and in the public interest.

Mr Tom Watson (West Bromwich East) (Lab): The Lord Chancellor should not allow himself to be pushed around by *The Sun* newspaper. Does he agree that the cause of public justice would be best served if News International spent less time traducing the characters of Ministers and more time revealing to the Metropolitan police the contents of the e-mails held in the data warehouse in central London?

Mr Clarke: I shall try to avoid following my right hon. Friend the Secretary of State for Business, Innovation and Skills in answering that question. Kelvin MacKenzie could confirm to the hon. Gentleman that I have not been pushed about by *The Sun* for as long as either he or I can remember.

I was amused to read the article by the leader of the Labour party in *The Sun* this morning, remembering his resounding promise not to try to out-right the Conservative party on the subject. I was reminded of an article by Tony Blair published just before the 1997 election and entitled "Why I Love the Pound". When I read the Leader of the Opposition's article this morning, I was relieved to see that he listed many things on which he agrees with me and did not indicate a specific area where he committed himself to doing anything different from what the present Government are doing.

Henry Smith (Crawley) (Con): Crawley court house in my constituency deals with a large number of cases, including those emanating from Gatwick airport. Will the Minister agree to meet local magistrates, my local authority and me to see whether the court house could be part of a major town centre redevelopment that is shortly to get under way?

Mr Djanogly: Yes, I am indeed happy to meet my hon. Friend.

Chris Leslie (Nottingham East) (Lab/Co-op): Will the Secretary of State think again about the compounding impact of the legal aid cut and Lord Justice Jackson's proposals on victims of criminal negligence? It would be wrong for injured parties to have to fend for themselves, and if they pay for the compensation and the costs of cases, the wrongdoer will be getting away, which would be unfair.

Mr Djanogly: The hon. Gentleman makes it clear that Lord Justice Jackson's proposals and our legal aid proposals are being run in conjunction. We were very concerned that they should so that practitioners would be able to compare the two—that is especially relevant in cases of clinical negligence—so we will be doing exactly that.

Armed Forces (Redundancies)

3.32 pm

Mr Jim Murphy (East Renfrewshire) (Lab) *(Urgent Question)*: To ask the Secretary of State to make a statement on redundancies in the Ministry of Defence.

The Secretary of State for Defence (Dr Liam Fox): As a result of the strategic defence and security review and the comprehensive spending review, it has, sadly, been necessary to plan for redundancies in both the civil service and the armed forces. At all times this should be done with sensitivity to individuals concerned, and with an understanding of the impact that it will have on them and their families. There are two recent cases in which this has not happened. Let me deal with them both.

First, there are the 33 Army personnel who have received an e-mail, as reported in today's press. This is a completely unacceptable way to treat anyone, not least our armed forces. The correct procedure was not followed. I regret this, and want to reiterate the unreserved apology already made by the Army and on behalf of the Ministry of Defence. Arrangements have already been put in place to ensure that it does not happen again, and the Army are already investigating the particular circumstances.

Secondly, there is the redundancy of trainee RAF pilots. It was always going to be the case that with fewer airframes we would need fewer pilots. The fact that people found out through the publication of inaccurate details in a national newspaper will, I am sure, be deprecated on both sides of the House, and can only cause the individuals concerned undue distress. I understand the concerns of those facing redundancy, and I understand the temptation of the Opposition to exploit issues for political advantage, but I hope that with issues as sensitive as individual redundancies, we can refrain from making a sad situation worse for the individuals and their families.

Mr Murphy: Yesterday I came to the House to support strongly the Government's actions on Afghanistan, but today we are here for an entirely different reason: the revelation that dozens of soldiers with decades of service have been sacked by e-mail. It is a shame that Ministers had to be summoned to the Commons, when they should have immediately asked to come here voluntarily.

We all know that we cannot stop every redundancy in the armed forces, but this is no way to treat soldiers who have served in Northern Ireland, the Balkans, Iraq and Afghanistan. The Secretary of State says that we should not play politics with such issues. Sacking anyone by e-mail is always wrong; sacking members of our armed forces in that way is utterly unforgiveable. But, unfortunately, as the Secretary of State says, a pattern is developing. One hundred RAF trainee pilots were sacked by media leak, some only hours away from getting their wings.

What is worse about this sordid affair is that the Government's response has been to blame everyone else. In the morning it was the Army's fault; by lunchtime it was a civil servant's fault. But it was not the Army that decided to cut the deficit this far and this fast; it was not a civil servant who decided to go into a rushed defence review. It is the Government's fault. They are locked into a logic of rapid deficit reduction, which means that mistakes are being made, some of them serious.

The country wants straight answers to direct questions. When will the Secretary of State announce who will be affected by the further reduction of 17,000 in the armed forces? On the sacking by e-mail, despite the Secretary of State's previous promises, why did the Ministry of Defence agree that a soldier currently serving in Afghanistan should be sacked, and will the Secretary of State take personal responsibility for making sure that that never happens again? On RAF sackings, how many of the RAF trainees were within hours of fully qualifying as pilots? Have all those affected now been officially informed?

In all these matters there is a fine line between callousness and complacency. This was a callous event; the Government's response this morning was complacent. They must act, act now, and make sure that it is never repeated.

Dr Fox: The right hon. Gentleman should stick to agreeing with the Government; he is much more impressive on such occasions. What is sad today is not just the opportunism but the utter lack of humility, because we would not have had to reduce the armed forces or the civil service to such a degree if we had not inherited from the Labour Government a black hole in the MOD budget of £38 billion and a national deficit of £158 billion—*[Interruption.]* So before Opposition Front Benchers go about pointing fingers, they should look—*[Interruption]*—and the right hon. Gentleman should look, to the Government of whom he was a part, who left us economically wrecked. We will set out—*[Interruption.]*

Mr Speaker: Order. There is far too much noise in the Chamber, and I am disturbed to note that a lot of it is being made by Members on both Front Benches. It does not impress me; it does not impress others. It should stop, and the Secretary of State will be heard with respect.

Dr Fox: I am grateful, Mr Speaker.

The Opposition need to ask themselves why we have to make those reductions. It is because of the incompetence and the economic inheritance that they left behind. We will set out the programme of reductions in staff—the 17,000 mentioned—over the next five years. There was a great deal of inaccurate information in the newspaper story about the RAF trainee pilots. They are being briefed individually and collectively on the specific proposals that affect them. It is appropriate that that happens in private, not on the Floor of the House of Commons.

Sir Menzies Campbell (North East Fife) (LD): The events of the past 48 hours are sad, sorry events at which we should all express some regret, not least in the case of the individual who is serving his country in a hot war on the other side of the world. Does the Secretary of State accept that such events have a resonance beyond the units, and indeed, beyond the services, in which they occur? Does that not place an enormous obligation and responsibility on him and his fellow Ministers—to some extent discharged by the fact that he has come to the House personally to respond to the urgent question—to ensure that everything possible is done so that something of this kind never happens again?

Dr Fox: Indeed. As I have said, we will take every measure to ensure that this does not happen, but we can never guarantee that individuals will not make mistakes; that is part of human nature. On the case that my right hon. and learned Friend mentions, the individual concerned was on assignment from Permanent Joint Headquarters working on an IT project in Afghanistan. He was on a temporary assignment, and not part of our regular forces sent into combat in Afghanistan.

Several hon. Members *rose—*

Mr Speaker: Order. There is a lot of interest in this question, and I am keen to accommodate it, but short questions and short answers are imperative if I am to have any reasonable chance of doing so.

Hugh Bayley (York Central) (Lab): What implication will the decision on the sacked RAF pilots in training have for the hundreds of jobs at RAF Linton-on-Ouse, outside York? Could some of those who are surplus to requirements as fast jet pilots be put on to helicopters instead, given the shortage of helicopter capacity that we heard about so often from the Secretary of State when he was in opposition?

Dr Fox: At all times we will endeavour to find alternative positions where available. I should say that with reductions of some 5,000 being made across the whole of the RAF, that will be relatively difficult to accommodate, but we shall try to do it wherever we can.

Mr James Gray (North Wiltshire) (Con): The whole House will be grateful to the Secretary of State for being so straightforward in coming here to apologise for what is, without any question, a most disgraceful episode in our country's history. Will he do two things? First, will he lay out precisely how he intends to make sure that this does not happen again? Secondly, the public will be asking for something for which they should be asking—a few hides to be flayed.

Dr Fox: A proper administrative inquiry by the Army is under way, and it will report in the usual way. It would be inappropriate to, in effect, try members of the armed forces on the Floor of the House of Commons.

Angus Robertson (Moray) (SNP): Over 1,000 service personnel in the most defence-dependent community in the UK face redundancy or re-posting when RAF Kinloss closes later this year. Will the Secretary of State ensure that the correct procedures are followed with each and every one of these servicemen and women?

Dr Fox: As I have already said, we will at all times do what is required to help those who are leaving the armed forces in every way we can. That will, of course, include following the procedures that are very clearly set out.

Dr Andrew Murrison (South West Wiltshire) (Con): An unintended consequence of the introduction of NMS—the new management strategy—into the armed forces 20-odd years ago was that too often officers may be encouraged to see themselves as managers rather than leaders. Will the Secretary of State satisfy himself that within the chain of command that he has inherited, the military covenant is being properly served, particularly in relation to the 38 electronically sacked warrant officers?

Dr Fox: As I have said, the Army is already undertaking an investigation of its own, and I expect that to conclude fully in a matter of days. The inquiry will draw the appropriate lessons on whether the chain of command was appropriately followed in this case. It would be appropriate for the inquiry to come to conclusions, and not for us, without the full information, to do so.

John Woodcock (Barrow and Furness) (Lab/Co-op): The Secretary of State's tone in responding to the shadow Secretary of State was surprisingly strident. Just so that the House is clear, he is not actually blaming the previous, Labour Government for this abominable failure in procedure, is he?

Dr Fox: I would hate the hon. Gentleman to get the wrong impression. What I am blaming the Labour Government for is the financial mismanagement that left a black hole of £38 billion in the MOD budget, and a massive deficit to get rid of. Without those, we would not have had to make redundancies of this scale in the first place.

Dr Julian Lewis (New Forest East) (Con): On the future loss of so many pilots of fixed-wing aircraft, I am sure that my right hon. Friend would never admit to acting under duress, even if his toenails were being torn out by the Treasury. However, can he at least reassure us that some degree of flexibility in the availability of future fixed-wing aircraft pilots will be preserved, just in case we need them in the next 10 years?

Dr Fox: All redundancies will be carried out under the compulsory redundancy process so that we have the correct shape of armed forces—and I can tell my hon. Friend that these days, even the Treasury conforms to the norms of human rights.

Thomas Docherty (Dunfermline and West Fife) (Lab): Will the Secretary of State clarify for the House why no Minister appears to have had an oversight role in this process? In my 10 years in the private sector dealing with redundancy, it was normal practice for a senior manager to take on that responsibility.

Dr Fox: Indeed, senior managers have taken responsibility. I have already had a report from the line managers responsible. When I have had the full information I will be able to determine where the responsibility lies, and what action may need to be taken by the Army.

Patrick Mercer (Newark) (Con): I am sure that the Secretary of State would agree that the sacking by e-mail of a number of senior non-commissioned officers is deeply regrettable—but it is no matter for Ministers. This is a straight lack of leadership inside the Army. I am amazed that we have seen nobody in uniform in the media apologising for this gross piece of conduct.

Dr Fox: I realise that my hon. Friend will have been busy with his duties in the House, but the Assistant Chief of the General Staff has been in the media explaining the Army's position on this matter. It is entirely appropriate that any measures that need to be taken in response are taken by the Army, not by Ministers—as I am sure that my hon. Friend, with his years of experience, will understand.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): The Secretary of State will know that not only members of the armed forces but civilian staff, too, are affected by redundancies. I have written to him about the uncertainty over the future of civilian staff at Massereene barracks in Antrim. I hope that he will look into that matter.

Dr Fox: Indeed I will, and I shall be happy to meet the right hon. Gentleman if there are particular cases and circumstances that he wants me to look into. In general, the redundancies that will occur in the military as a result of the strategic defence and security review and the comprehensive spending review will be compulsory. For civilian staff, we want to consider natural wastage and voluntary redundancies where possible.

Bob Russell (Colchester) (LD): With soldiers from the Colchester garrison in 16 Air Assault Brigade currently deployed in Afghanistan, I remind the Secretary of State what he said to me on 8 November in response to a direct question:

"We need to maintain the Afghanistan rotation. It is therefore in the interests of common sense and fair play that no personnel serving in Afghanistan, or on notice to deploy, will be given compulsory redundancy."—[*Official Report*, 8 November 2010; Vol. 518, c. 12.]

Does that pledge still stand?

Dr Fox: Yes.

Mr Denis MacShane (Rotherham) (Lab): Will the Secretary of State comment on ministerial responsibility? Everybody else seems to be blamed, but nobody on the Government Front Bench. Will he agree to come back to the House and make a statement about this matter, and the dismissal of the RAF trainees, when all the facts have been established?

Dr Fox: The redundancy process in the RAF will proceed as it should. The individuals concerned will be informed, and we will see whether alternatives are available for them. Those who need to leave will do so under the rules for compulsory redundancy, which are set out clearly for the armed forces.

Mr John Redwood (Wokingham) (Con): What is the current rate of natural wastage for civilian and uniformed personnel? In future, will it be possible to achieve the reductions mainly through natural wastage rather than compulsory redundancy?

Dr Fox: The cases are different for civilian and military personnel. In the military there is a compulsory redundancy programme, so that we maintain the shape of the armed forces. We must maintain not just those on the front line, but the enablers whom they require. Things are different in the civil service—and while we will be losing 17,000 personnel across the armed forces, we will be losing 25,000 from the civil service in the Ministry of Defence.

Albert Owen (Ynys Môn) (Lab): RAF Valley, in my constituency, is a centre of excellence for fast jet training. Civilian staff and trainee pilots were unsettled, to say the least, to read reports over the weekend about redundancies. As the Secretary of State said, it is not for him to make redundancy announcements in the House. However, as Secretary of State, surely he should indicate what the impact of his announcement of job cuts will be on the RAF, so that bases such as RAF Valley have the stability and clarity that they need for the future.

Dr Fox: We set out in the SDSR what we believed the shape and size of the RAF would be, and the need for fast jets in the future. When it comes to redundancies, it is hugely to be regretted that not only did the information appear first in a national newspaper, rather than coming down the chain of command to those involved—which is the correct process—but much of the information was inaccurate. That was a double blow for the personnel. As I said, those personnel will be informed personally of the decisions that affect them, so that their personal circumstances can be taken into account. I have no intention of announcing redundancies through the House of Commons.

Mr James Arbuthnot (North East Hampshire) (Con): Will my right hon. Friend be able to exercise some degree of flexibility in the case of pilots who were close to achieving their qualifications?

Dr Fox: That is primarily a matter for the RAF, but I have already asked for Ministers to be fully informed about the progress through any course that is being taken. It would make common sense to ensure that those closest to the end of their course could be allowed to continue, if possible. Not all those in the press stories, or the numbers in the press stories, will have to be made redundant. I hope that there will be some flexibility, and that common sense will be shown.

Mr Tom Watson (West Bromwich East) (Lab): Is this a betrayal of the military covenant?

Dr Fox: No, it is a betrayal of the people of this country, where economic incompetence has forced us to reduce the size and budget of our armed forces to a level that we would not have chosen.

Jack Lopresti (Filton and Bradley Stoke) (Con): Can my right hon. Friend assure the House that the recently announced redundancies will not affect our ability to continue with our mission in Afghanistan?

Dr Fox: The whole of the SDSR was predicated on success in Afghanistan. Nothing that has happened in respect of any announcements made by the Army, the Navy or the Air Force will impact on our operations in Afghanistan. They remain the priority for the Ministry of Defence and the Government.

Greg Hands (Chelsea and Fulham) (Con): Even the previous Government, who were notoriously slack on controlling spending, made the MOD one of three Government Departments that were put into special measures. Does my right hon. Friend agree that all MOD redundancies need to be understood in the context of a Government and a Department where spending was rampant and out of control?

Dr Fox: It is no secret that when this Government came to office, not only did we inherit generic economic incompetence, but inside the Ministry of Defence there was a specifically difficult case. I shall set out in the near future measures for achieving better control over the MOD budget, not least in real time.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): Will my right hon. Friend give a commitment that we will make sure that this episode will not be repeated in the case of the 3 Commando Brigade, based in my constituency, which is set to go out to Afghanistan in a few weeks?

Dr Fox: As I said in answer to an earlier question, none of those preparing for or on deployment will receive redundancy notices. I shall certainly ensure that all the lessons are learned from this episode to make sure that no one else in the armed forces is put in that position either.

Tony Baldry (Banbury) (Con): Should we not design a new armed forces "parliamentary deficit denier" tie? We would not have to make redundancies if it were not for the fact that when the present Government came into office, Labour had left the Ministry of Defence with the largest unfunded overdraft of any Government Department.

Dr Fox: Not only is my hon. Friend correct, but the debt interest repayment that the country will have next year is bigger than the MOD budget, the Foreign Office budget and the overseas aid budget combined. What was shocking today was the fact that there were no regrets and no remorse, just naked self-interest from the Opposition.

Mr Ben Wallace (Wyre and Preston North) (Con): When I was serving in the armed forces under the previous Government, colleagues of mine were given their redundancy notices while serving on the front line in Bosnia. That was not by mistake or leaked e-mail; it was an entirely deliberate process carried out by the Labour Government. Does my right hon. Friend agree that the phoney anger from those on the Labour Benches is designed to cover the fact that they left the MOD in a state of overspend, underfunding and complete chaos?

Dr Fox: I think that in the months ahead we will see a number of ingenious smokescreens created by the Opposition to make the House discuss anything other than the appalling economic mess that they left behind—not least as it impacts on our armed forces.

Christopher Pincher (Tamworth) (Con): Does my right hon. Friend agree that the significant, and indeed forced, expenditure on urgent operational requirements by the last Government—money that had to be taken from the reserve, which even the Labour-dominated Defence Committee commented upon last year—has contributed at least in part to the challenges that he now faces?

Dr Fox: I did not expect to have to defend the record of the previous Government at any point, but when our armed forces require equipment it is the duty of the Government of the day to ensure that they get it. The UOR mechanism has been a very effective way of achieving that, and the current Government intend to carry on that practice.

Miss Anne McIntosh (Thirsk and Malton) (Con): I am proud to have RAF Linton-on-Ouse in my constituency. When graduates there have received their wings they proceed to RAF Valley and other RAF stations. There will be huge uncertainty surrounding the continuation of the programmes of both those who have graduated and undergraduates who are currently at RAF Linton. What reassurance can my right hon. Friend give us today about their future?

Dr Fox: As I have said, it is greatly to be regretted that we are losing personnel from the armed forces, including 5,000 from the RAF. All of us would wish that that was not the case, but we must deal with the economic reality as we find it. It is important that when announcements are made about redundancies, they are made appropriately through the chain of command, not through national newspapers or political announcements in the House. It is appropriate that we give sensitive treatment to those who are to lose their jobs. I believe that is how the whole House thinks it should be done.

Kris Hopkins (Keighley) (Con): Nobody should lose their job via an e-mail—but particularly not members of the armed forces, who put their lives on the line for this country. If whoever was responsible for sending that e-mail has not done the honourable thing by standing down and resigning, should they not be sacked?

Dr Fox: As I said earlier, the Army is already looking into the particular circumstances of the situation. There has been an appalling mistake, and I know that the individual concerned will be absolutely mortified that it occurred. We need to find ways to ensure that it does not happen again, but we have to be careful about hanging individuals out to dry, particularly very experienced individuals, because of demands from the media or anywhere else.

Mr Peter Bone (Wellingborough) (Con): The inaccurate reports of the firing of RAF pilots who have nearly completed their course will cause a great deal of anxiety to members of the RAF. The Secretary of State has rightly not gone into the details, because he wants officers to be informed first, but I ask him seriously to consider coming back to the House in due course so that we can question him further on this matter.

Dr Fox: I am sure the House will have a number of occasions, at Defence questions and in future debates, to question me on the implementation of the SDSR and the CSR, and on the reasons why we had to make the reductions that we did, and how we are implementing them. When we have given information to the individuals concerned, then and only then will be the appropriate time to make announcements to the House.

Mr Speaker: I am grateful to the Secretary of State and to right hon. and hon. Members for their succinctness, which has meant that everybody who wanted to contribute had the chance to do so.

Auto Windscreens

Application for emergency debate (Standing Order No. 24)

3.58 pm

Toby Perkins (Chesterfield) (Lab): I rise to propose that the House should discuss a specific and important matter that I believe should have urgent consideration—the decision of Auto Windscreens to go into administration yesterday, with the possible loss of 1,100 jobs.

Auto Windscreens employs about 400 people in my constituency, in head office, call centre and manufacturing functions. The loss of those jobs would be catastrophic to an area that is already set to be the worst hit in Derbyshire by the cuts in public sector jobs. Staff were sent home yesterday, and as of today there is no money to pay them for the 14 days' work that they have done this month, nor for their ongoing employment. However, in an effort to sell the business as a going concern, the administrator, Deloitte, has not yet made staff redundant, so they are effectively in limbo. The company is unable to trade, which will make it more difficult for it to be sold. Time is very much of the essence.

I would like to debate what action the Government can take to support Deloitte to get Auto Windscreens trading again. With every passing day that it is not trading, the task of finding a buyer becomes more difficult and the challenge of turning the business round grows. I would like to debate what action the Government can take to support finding buyers; to help them access the funding required to get the business back on a stable footing; and to support either the moribund regional development agency, which would previously have been expected to co-ordinate the response, or the fledgling Sheffield city region local enterprise partnership, to undertake that co-ordination.

I would also like to debate whether, in the absence of Auto Windscreens, Autoglass, the UK market leader, would have an effective monopoly, and the impact on pricing and, by extension, insurance premiums. I would further like to debate what action the Government can take, in the event of the company failing to be salvaged, to assist the 1,100 employees to find work, and to find out whether discussions have taken place with the trade union to explore the possibility of some sort of employee or management buy-out.

Auto Windscreens is an important employer in my constituency, an important contributor to the UK economy, an important part of the UK automotive industry, an important supplier to the motor insurance industry, and an important component of any private sector-led recovery.

At times like this, it is vital that the employees affected, and people throughout Britain, can see politicians working together swiftly to save those jobs in the national interest. I hope that we can debate in the Chamber what can be done, or that the Minister of State, Department for Business, Innovation and Skills, the hon. Member for Hertford and Stortford (Mr Prisk) will agree to meet me, the administrators and any other people who can help get Auto Windscreens trading again and save those 1,100 jobs, which we can all ill afford to lose.

Mr Speaker: I have listened carefully to the hon. Gentleman, and I have to give my decision without stating any reasons. I am afraid that I do not consider that the matter that he has raised is appropriate for discussion under Standing Order No. 24, and I cannot therefore submit the application to the House.

Master's Degrees (Minimum Standards)

Motion for leave to bring in a Bill (Standing Order No. 23)

4.2 pm

Chris Leslie (Nottingham East) (Lab/Co-op): I beg to move,

That leave be given to bring in a Bill to prohibit universities awarding Master's degrees unless certain standards of study and assessment are met; and for connected purposes.

It is assumed in our society that hard work, ability and merit are the determining characteristics necessary to obtain academic qualifications, yet there is a glaring anomaly in our system of higher education, which undermines the value of postgraduate credentials: the byzantine practice whereby Oxford and Cambridge universities award a complimentary master of arts degree to anyone who has graduated with a bachelor's degree from their institutions. I say "complimentary", but I understand that Oxford colleges often charge a £10 administration fee. In those cases, people's BA(Hons) are automatically upgraded to MA(Oxon).

While most postgraduate students who hope to obtain an MA must undergo at least a year's study, have their abilities tested by examination and pay significant tuition fees, often around £4,500, graduates who attend Oxford and Cambridge can automatically convert their bachelor's degree into an MA, regardless of academic merit.

That is not only unfair to the 200,000 students who get their MA the hard way, but fundamentally undermines the integrity of the MA marque. Worse, apparently 62% of employers when surveyed reported that they thought that the MA(Oxon) or MA(Cantab) were genuinely earned postgraduate qualifications.

Eleven years ago, the Quality Assurance Agency for Higher Education said:

"The Masters title causes much misunderstanding... most employers think it always represents an award for postgraduate study."

There is no logical or justifiable defence of that historical anachronism, which grew out of ancient circumstances that have long been irrelevant to modern academic practice. To preserve the MA's academic integrity, it is time to discontinue Oxbridge colleges' ability to award unearned qualifications that can so easily cause confusion. That is why my short Bill would prohibit granting master's degrees unless certain minimum academic standards are attained.

Let me be absolutely clear at the outset that I do not blame Oxbridge graduates for taking the opportunity presented to them on a plate—it would be nice if we all received a similar offer. The problem is that that outdated and unfair practice reinforces the suspicions of many of the privileges and advantages bestowed on a small number of very fortunate people, often at the expense of everyone else. For example, in my role before entering Parliament, when sifting job applications and hiring for research positions, I would often see CVs citing that master's degree brand. Presumably, would-be employers are frequently superficially impressed by what appears to be a mark of high academic distinction.

It is not just me who objects to the practice; *The Daily Telegraph* reported last year that Cambridge academics are beginning to feel distinctly queasy about the situation. Dr Neil Dodgson, a computer academic at Cambridge, said:

"Many find it offensive that we should award a degree for doing nothing more than being able to breathe for three years...It is only a matter of time before our MA spawns a PR disaster. Perhaps it is time for us to acknowledge that the rest of the world has moved on, and to align ourselves, reluctantly, with a world that believes that a degree should only be awarded for academic achievement."

Surprisingly, the issue has rarely been aired in Parliament or more widely, and yet the practice is a wrong that the stewards of those great universities could and should put right themselves. I genuinely hope that the new vice-chancellor of Cambridge university will take a more enlightened approach than his predecessor, who famously said that

"universities are not engines for promoting social justice".

I recently surveyed some of my constituents and received some interesting replies. One woman replied:

"I didn't realise that the fortunate graduates of Oxbridge could obtain an MA by simply sending in an admin fee! My son worked hard for 2 yrs for his MA".

Another wrote:

"Thanks for informing me about the £10 MA from Oxford and Cambridge! If this is true, then it's really too much. My husband (UCL) told me that he didn't think this was the case. Please confirm. I had no idea. I will tell my 23-year-old who did his masters the long way!"

Another said:

"As someone who is studying for a postgraduate diploma I do feel it is unfair that this might be the case",

and yet another told me:

"It only reinforces the privileged position that these two universities hold in our society...only academic achievement should enable any qualification at university and not the equivalent of a round of drinks."

Some will say, "Everybody knows that it's not really a master's degree," but clearly, the survey information and what I have learned from asking around show that most people are oblivious to the small print on the Cambridge website or the statement in the QAA literature. Others will say, "Oxbridge graduates work harder and have higher abilities, and the MA reflects that." Notwithstanding the fact that that argument is usually made by those who attended Oxford or Cambridge, such an attitude is obviously insulting to the other 100 universities in the UK, which have fine academic records.

Many will say, "This is just the politics of envy, and you are just jealous." Perhaps people who want access to such unearned privileges are envious, but others who object to the practice just want a fair system based on real rather than fake merit. Others will say, "Well, this whole thing is not to be taken seriously. There are far higher priorities for reform." It is true that there are far bigger questions, including what is happening to tuition fees, but the Bill is one small step to rectify a simple problem, which it will achieve—crucially—at absolutely no cost. Anyway, if it is such a petty issue, surely nobody will object to ending the practice.

We need the Secretary of State for Business, Innovation and Skills to recognise that it is time that masters' degrees represented postgraduate study. We need Oxford and Cambridge to consider the situation themselves, and I shall write to them to urge them to do so. Finally, we need legislation to uphold the integrity of what should be the finest British traditions of fair play and achievement-on-merit in our higher education institutions.

4.9 pm

Mr Mark Field (Cities of London and Westminster) (Con): I must confess that the spirited call of the hon. Member for Nottingham East (Chris Leslie) is a reprise of a perennial squabble that I have had with my brother over the past two decades or so. Like the hon. Gentleman, my brother took a master's degree that involved two years of postgraduate study, while I qualified—if that is the right word—for my MA as a result of gaining a degree from Oxford university. My college, St Edmund Hall, has a history dating back to 1278. At that juncture, the requirement was to surpass 21 terms after matriculation before qualifying for a master's degree, having taken a bachelor's degree prior to that. That topping-up arrangement applied happily—dare I say it—for more than six centuries, before Leeds university was even founded let alone started handing out degrees of its own to deserving, and perhaps some slightly less deserving, candidates. Perhaps it is the other universities that should change their role to take account of the history of Oxford and Cambridge, which have established a well-set path of 21 terms post-matriculation by which someone qualifies for a master's degree.

There is a more serious point about what the hon. Gentleman has said. Our elite universities are now global brands. They should not sit back and take ever more Government interference. Only last week, a proposal was made by the Deputy Prime Minister of the coalition Government to give ever more powers to the access regulator. If he has his way, in future universities will be banned from charging higher levels of tuition fees unless they adhere to fixed Government quotas on admissions. In my view, this is all wrong. The hon. Gentleman and his proposal are, I am afraid, part of that same muddled thinking. Our excellent and elitist universities do not need any more interference in their governance. Otherwise, I fear that we run the risk of some of our best institutions deciding before too long to go private. I am thinking not just of Oxford and Cambridge, but of the London of School of Economics and Imperial college—to name but two—in my constituency. We should be proud of the finest of our traditions in the higher education sphere. It is one of the relatively few areas in which we have a global leadership, and my fear is that ever more Government interference—of the sort articulated by the Bill—will lead to a diminution of that excellence and elitism. If that is the case, we will all suffer.

Sir Menzies Campbell (North East Fife) (LD) *rose—*

Mr Speaker: Order. The right hon. and learned Gentleman would expect me to know, or at least to check to ensure that I know, the procedure. I love nothing more than to hear him talk, but I am afraid that I am allowed to call only two Members to speak in a situation of this kind.

Question put and agreed to.

Ordered,

That Chris Leslie, Nic Dakin, Kerry McCarthy, Helen Jones, Cathy Jamieson, Bob Russell, Mr Mike Hancock, Philip Davies, John Cryer and Mr Dennis Skinner present the Bill.

Chris Leslie accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 18 March, and to be printed (Bill 148).

Sir Menzies Campbell (North East Fife) (LD): On a point of order, Mr Speaker. Your responsibility extends, of course, to giving advice to those who might not be quite as familiar as yourself with the procedures of the House. I should perhaps declare an interest as the chancellor of the university of St Andrews and as the holder of a master of arts degree from Glasgow university. How could I find an opportunity to put it on the record that the first degree in the ancient Scottish universities is an MA?

Mr Speaker: As the right hon. and learned Gentleman well knows, he has just done precisely that, and with a skill that might be of interest to new Members who might benefit from it. I appreciate the good grace with which he accepted the selection of speakers on this occasion. I apologise to him for having momentarily forgotten about that high office that he holds, but I am not likely to do so again.

Dr Julian Lewis (New Forest East) (Con): On a point of order, Mr Speaker. In the light of the fascinating short debate we have just had, are you in a position to inform the House whether the practice of making right hon. and hon. Members who happen to be lawyers honorary Queen's counsels is still in existence?

Mr Speaker: I am not sure that I can inform the House on any aspect of that matter. However, as the hon. Gentleman will know—I cannot imagine that he is referring to any particular Member—it is not within my bailiwick. I think that we had better leave it there.

Parliamentary Voting System and Constituencies Bill (Money) (No. 2)

Queen's recommendation signified.

4.14 pm

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): I beg to move,

That, for the purposes of any Act resulting from the Parliamentary Voting System and Constituencies Bill, it is expedient to authorise the payment out of the Consolidated Fund of charges payable to the Chief Counting Officer in connection with the referendum on the voting system for parliamentary elections.

The resolution relates to Lords amendments 31 to 34 to paragraph 20 of schedule 1, which were inserted in the Bill in Lords Committee. The resolution gives the chief counting officer, who is the chair of the Electoral Commission, a power to incur expenses for the effective conduct of the referendum in certain, limited circumstances and to make payments in respect of those expenses out of the moneys to be provided from the Consolidated Fund. The original money resolution, which was agreed to on Second Reading in this House, covered only the payment out of the Consolidated Fund of charges payable to regional counting officers and counting officers in connection with the conduct of the referendum.

This additional resolution is needed because it has become apparent to the Government and the Electoral Commission that further savings in the cost of the referendum can be made by allowing the chief counting officer to pay costs directly from the Consolidated Fund. For example, Royal Mail has indicated that it may be able to provide a cheaper service for any sweeps of mail centres—a service to ensure that any postal votes still in mail centres towards the end of polling day are identified, extracted and provided to returning and counting officers before the close of poll that evening—if it can contract for this on a national basis with one individual, rather than having to negotiate and contract with the more than 350 officers conducting the poll locally. The resolution is therefore pragmatic.

Mr John Redwood (Wokingham) (Con): Those of us who are worried about the amount of money to be spent on the proposal might be persuaded a little more if the Minister could give us an idea of by how much the cost will come down as a result of this resolution, and say what other measures he can take to try to secure better value.

Mr Harper: I can reassure the House that, because of the way the Bill and the amendments are drafted, the chief counting officer can directly recover expenditure only where it has been incurred in a way that provides a clear financial benefit to the public purse. The test is that the chief counting officer may recover expenditure that she has incurred for the purpose of running the referendum only where that expenditure would have been incurred by local or regional counting officers in any event, but where it was more economical for it to be incurred by the chief counting officer. The resolution is therefore aimed at saving money.

Mr Redwood: How much?

Mr Harper: The whole point is that it is not possible to predict every eventuality. The resolution says that if by spending money herself centrally, the chief counting officer can get services at a lower cost than all the individual regional counting officers, she will be able to do so, thereby delivering a saving, although it is not possible to quantify this in advance. I have given a specific example of where we know there is an ability to deliver a saving, but I cannot give my right hon. Friend the certainty on the numbers that he seeks. However, having given him the detail that I am able to, I commend this resolution to the House.

4.18 pm

Chris Bryant (Rhondda) (Lab): As the Minister set out, this is a minor money resolution, and we do not have a major problem with it. However, perhaps I can use this opportunity to raise an issue in relation to the combination of polls—the reason we need this resolution—as it affects Scotland. As I am sure the Minister will know, electoral registration officers in Scotland have said that they will not now be able to perform the whole count for the Scottish parliamentary elections overnight. All they will do is the verification—both of the referendum, as the Bill requires, and the parliamentary elections—and then they will stop, leaving the count to take place on the Friday.

I understood from what the Minister said in previous debates that nothing would get in the way of ensuring that the count happened as soon as possible in Scotland and Wales, and in local government. Before the last general election, all parties combined to try to ensure that the overnight count happened. Disappointingly, the Under-Secretary of State for Scotland has refused to suggest any amendments to the Bill. I therefore wonder whether the Minister could assist us by saying something that might help to ensure that the election results are known in Scotland overnight.

Mr Harper: It might be helpful if I remind the House that, when the chief electoral officer set out her guidance about the count timing, she also set out a number of principles. One of her principles—which is also one of the Government's principles that was shared across the House—is to ensure that the results of the elections to the Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly, as well as the results of the council elections, are counted and made known first. She was reassured by counting officers in Scotland and elsewhere, and on that basis, she made a determination about the time of the referendum count. I am sure that if she is given different information by those counting officers, she will want to ensure that her principle is upheld—namely, that we should still know the results of those elections before the count takes place for the referendum.

Chris Bryant: I am grateful to the Minister, but, unfortunately he has not yet replied to my letter of some weeks ago, so I am unable to know the full purport of what he is saying. The point is that we believe not only in the principle that the elections to elected office should be counted first, but that the counts for the elections to the Scottish Parliament and the Welsh Assembly and for the local elections should happen overnight.

Mr Harper: The rules for the referendum are set out in the scope of the Bill, but it would not be within its scope to change the law pertaining to the counting only

[Mr Harper]

of the votes in the elections. The important thing that we have set out about the combination is that nothing that happens with the referendum count will change the timing of the election results. I think that there was a shared view on both sides of the House that we want to see those results counted as soon as possible, so that people will know who is running the devolved nations.

Chris Bryant: I am sorry, but the Minister's reply is very disappointing. Either he does not understand the law that he himself has drafted and the statutory instruments that have gone through in relation to the combination of polls in Scotland, Wales, Northern Ireland and England, or he is being—how can I put it—somewhat obtuse. The necessity for most people is that they want to know the election results on the night. However, because of the way in which the Government are combining the polls, and because of the Bill and the statutory instruments that went through at the same time, the people of Scotland will not know their election results on the night. The Minister will have unpicked one of the elements that has been absolutely standard in British history for more than 100 years—namely, that the results are announced immediately. This does not have much to do with the money resolution, Mr Speaker, but I have made my point none the less. I think that it is a great shame that the Minister has behaved in this way.

4.22 pm

Mrs Eleanor Laing (Epping Forest) (Con): I want to put on record that representatives of the Electoral Commission came before the Political and Constitutional Reform Committee again last week to discuss the amendments that are before the House today. One of the questions that the Committee looked at was that of the cost of the referendum. It will cost £100 million to run the referendum, at a time when, I hardly need remind the House, we are looking at cuts—let me say "reductions"—to every other aspect of public expenditure. It would appear that, in addition to that expenditure, the voter education campaign that the Electoral Commission is quite rightly required to undertake will cost something like £7 million. Local authorities will also have to bear additional costs, which we will not know for another six months or so, in running the referendum. That is not a reason not to have the referendum, but it is important that the House and our electorate understand just how much it is costing the taxpayer.

4.24 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): I should like to return to the issue raised by my hon. Friend the Member for Rhondda (Chris Bryant), having perhaps given the Minister slightly more time to reflect on the genuinely valid points that my hon. Friend raised. I know that colleagues from other parties were also nodding in agreement when he was raising them.

The returning officers in Scotland are up to the same trick that they were trying to pull before the 2010 general election, when the then Secretary of State, my right hon. Friend the Member for East Renfrewshire (Mr Murphy) gave a clear instruction to the returning officers that they could not delay the start of the count for that general election in Scotland until the following day.

Let me place the Minister under notice that I shall seek two guarantees from him and the Deputy Leader of the House. The first is that he speaks urgently to the Secretary of State for Scotland and the Under-Secretary of State for Scotland—I suspect he will have a number of opportunities to speak to them in the Division Lobbies in the next four hours—to get them to set the record straight on the Scotland Office position on the counting. Will the Minister also guarantee—I will take him at his word, as he is an honourable Gentleman—that either he or the Secretary of State will write to the returning officers in Scotland to remind them that they receive a payment for carrying out these duties?

Pete Wishart (Perth and North Perthshire) (SNP): Does not the hon. Gentleman share my absolute and utter surprise that neither the Secretary of State for Scotland nor the Under-Secretary have yet written to returning officers to get this issue clarified and resolved?

Thomas Docherty: I fear that in some ways I am not surprised, because we have learned over the last nine months that the Secretary of State for Scotland is like Macavity the cat. When it comes to any issue—whether it be the coastguard, defence or anything else—he is posted absent. The hon. Gentleman's point is valid because the Secretary of State should be writing to returning officers to remind them that they receive an additional payment for carrying out their duties in unsociable hours, so there is no reason for the count not to happen. If the returning officers insist on delaying until the following morning, will the Minister guarantee that those payments will be withdrawn from them and their staff? Why should we pay them for a service that they are not carrying out? Will he also confirm that he will write to returning officers to remind them that, during our Wednesday evening debate on the Standing Order at the end of last year and during the course of the Parliamentary Voting System and Constituencies Bill, he gave an explicit guarantee on behalf of Her Majesty's Government that the count would take place as soon as practically possible—namely, straight after the polls close in Scotland?

4.26 pm

Mr John Redwood (Wokingham) (Con): We are debating a money resolution, the whole purpose of which is for the House to exert some control over the expenditures of public money and to be accountable for them. I find it curious that the Minister was unable to tell us how much money was involved in the wider issue of paying for the referendum, and unable to help the House by telling us by how much he might be able to reduce that rather large bill as a result of this mini motion.

Many of us are reluctant about the entire measure; we do not think that it is either urgent or important, but we believe that controlling public expenditure is vital. When we see discretionary items such as this one, we are even more enthusiastic about exerting very strong control over the expenditure if it proves to be the will of Parliament as a whole that the proposal goes forward. I hope that when the Minister replies, he will have some figures to present to us and will be able to give us a little encouragement about why we should support this particular money resolution. He hinted that it could mean a bit less, but some of us would like it to be a lot less. I hope the Minister will think again.

Mr Harper *rose—*

Mr Speaker: I do not believe the right hon. Gentleman is giving way. I think he has completed his speech. Is that so? I am correct.

4.27 pm

Mr Charles Walker (Broxbourne) (Con): I agree with my hon. Friend the Member for Epping Forest (Mrs Laing) and the hon. Member for Rhondda (Chris Bryant). My Broxbourne constituents are horrified at the cost of this referendum, which some commentators have said could be as high as £250 million. I dare to say that this money would be far better spent on employing doctors, nurses, teachers and soldiers.

4.28 pm

Mr David Winnick (Walsall North) (Lab): I recognise, as do we all, I am sure, that this referendum measure is before us because of the coalition agreement. If the Conservatives had won the election outright and gained a majority, they would certainly not be putting it forward. I also accept that public expenditure should not be the dominant reason why the House should not pursue a particular course. I must say, however, that there is very little evidence of any desire in the country at large to have a referendum on what sort of system should be used for electing Members of Parliament. How many letters have we received? How many e-mails? Do people come to our surgeries and tell us that this is one of the most important, crucial issues of the day? The answer is no. [HON. MEMBERS: "No!"] The noes are coming from the Conservative Benches, but I ask my hon. Friends: am I wrong? Is it not a known fact that there is so little interest in the matter?

I must also say, however—and I know that at some stage this evening we shall debate the Lords amendment concerning the nature of the threshold—that, like others who have spoken, I see little justification for spending what will be a very large amount of money on a referendum on the system for electing Members of Parliament at a time when we are constantly told that we must be careful with our public money, when allowances and benefits are being taken away from people, and when, in my view and, I believe, that of most Members, there is little public wish for such a referendum.

Question put and agreed to.

PARLIAMENTARY VOTING SYSTEM AND CONSTITUENCIES BILL (PROGRAMME) (No. 5)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Parliamentary Voting System and Constituencies Bill for the purpose of supplementing the Order of 6 September 2010 (Parliamentary Voting System and Constituencies Bill (Programme)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion four hours after their commencement at this day's sitting.

2. The proceedings shall be taken in the order shown in the first column of the following Table and shall (so far as not previously concluded) be brought to a conclusion at the times shown in the second column.

TABLE

Lords Amendments	*Time for conclusion of proceedings*
Nos. 2 to 7, 9 to 15, 18 and 21 to 104	One hour after the commencement of proceedings on consideration of Lords Amendments
Nos. 16 and 19	Two hours after the commencement of the proceedings
Nos. 17 and 20	Three hours after the commencement of the proceedings
Nos. 1 and 8	Four hours after the commencement of the proceedings

Subsequent stages

3. Any further Message from the Lords may be considered forthwith without any Question being put.

4. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*(Mr Harper.)*

Question put.

The House proceeded to a Division.

Chris Bryant (Rhondda) (Lab): On a point of order, Mr Deputy Speaker. I gather that the Division bell did not go off in the Jubilee Room just now, and that some Members were not able to vote because they did not realise that the Division was happening

Mr Deputy Speaker (Mr Nigel Evans): I will ask Attendants to check the Division bells in the Jubilee Room. If they continue not to work, we will ensure that the Attendants call Divisions in the Jubilee Room separately, and I will clearly make allowances for that when I call for the Doors to be locked.

The House having divided: Ayes 312, Noes 240.

Division No. 201] **[4.31 pm**

AYES

Adams, Nigel	Boles, Nick
Afriyie, Adam	Bone, Mr Peter
Aldous, Peter	Bottomley, Sir Peter
Alexander, rh Danny	Bradley, Karen
Andrew, Stuart	Brady, Mr Graham
Arbuthnot, rh Mr James	Brake, Tom
Baker, Norman	Bray, Angie
Baker, Steve	Brazier, Mr Julian
Baldry, Tony	Bridgen, Andrew
Baldwin, Harriett	Brine, Mr Steve
Barclay, Stephen	Brokenshire, James
Barker, Gregory	Brooke, Annette
Barwell, Gavin	Browne, Mr Jeremy
Beith, rh Sir Alan	Bruce, Fiona
Benyon, Richard	Bruce, rh Malcolm
Beresford, Sir Paul	Buckland, Mr Robert
Berry, Jake	Burley, Mr Aidan
Bingham, Andrew	Burns, Conor
Binley, Mr Brian	Burns, rh Mr Simon
Birtwistle, Gordon	Burstow, Paul
Blackman, Bob	Burt, Alistair
Blackwood, Nicola	Burt, Lorely
Blunt, Mr Crispin	Byles, Dan

Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Patel, Priti
Paterson, rh Mr Owen
Penning, Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Miss Chloe Smith and Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bain, Mr William
Balls, rh Ed

Banks, Gordon
Barron, rh Mr Kevin
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chope, Mr Christopher
Clark, Katy
Clarke, rh Mr Tom
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Philip
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Fiello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hollobone, Mr Philip
Hopkins, Kelvin
Hosie, Stewart
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Percy, Andrew
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Shepherd, Mr Richard
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Angela Smith and Lilian Greenwood

Question accordingly agreed to.

Parliamentary Voting System and Constituencies Bill

Consideration of Lords amendments

Mr Deputy Speaker (Mr Nigel Evans): I must draw the House's attention to the fact that financial privilege is involved in Lords amendment 31. If the House agrees to this amendment, I shall ensure that the appropriate entry is made in the *Journal*.

Clause 1

REFERENDUM ON THE ALTERNATIVE VOTE SYSTEM

4.47 pm

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): I beg to move, That this House agrees with Lords amendment 2.

Mr Deputy Speaker: With this it will be convenient to consider the following:

Lords amendments 3 to 7, 9 to 15, 18 and 21 to 26.

Lords amendment 27, and amendments (a) and (b) thereto.

Lords amendments 28 to 103.

Lords amendment 104, and amendment (a) thereto.

Mr Harper: It is no secret that the Bill has received extensive and lengthy debate both in this House and in the other place. It had eight days of debate in this House and the Lords Committee stage took place over the four months from November to February, taking 17 days and more than 110 hours. I think that, with one exception, it was the longest Committee stage of any Bill in my lifetime. I am glad that we finally now have the chance to consider the amendments made in the Lords.

The amendments in this first group encompass a range of changes that were made or accepted by the Government in the other place. I shall set out their effect and the Government's overall approach briefly to make the best use of time available for debate. The Government have been consistently clear about the fact that we are prepared to make changes to the Bill where we believe they will make genuine improvements and will not undermine the key principles underpinning the Bill. Those principles are clear and we believe they are right. *[Interruption.]* Will the hon. Member for Rhondda (Chris Bryant) just calm down for a moment and let me proceed? The people should be given the chance to vote on the electoral system that is used to elect Members of Parliament and we should have a system for drawing up constituencies that better ensures that voters have an equal say wherever in the United Kingdom they live.

We have made changes to the Bill in response to points that were made in this House. On the referendum, we accepted changes to the wording of the question, and we also accepted amendments from the Select Committee on Political and Constitutional Reform to clarify the regulation of spending by media outlets during the referendum campaign and to remove the power that has existed since the 1940s for a Minister to modify a boundary commission's recommendations.

In the House of Lords, we accepted or made a number of amendments on both parts of the Bill. We accepted and made technically effective an amendment in part 1, which relates to the holding of the referendum, that would allow the date of the referendum to be moved if practical reasons made it impossible or impracticable to proceed on 5 May. We brought forward an amendment to part 2 on Report to change the consultation process, on the Boundary Commission's recommendation, so that it includes public hearings. The hearings are intended to deal with the concern raised about the need for an oral element in the consultation process. We believe that they will provide an opportunity for the public and the parties to express their views, but in a way that will allow more effective engagement than the old, legalistic inquiry system.

Albert Owen (Ynys Môn) (Lab): I do not agree with the Minister that there was ample time to discuss the matter in this House; the reason for the prolonged debate in the other House was the insufficient time here. On the oral hearings, will he tell the House how many such hearings will take place and—there is a Welsh dimension to this—whether they will take place in people's local communities or just in large towns?

Mr Harper: On the hon. Gentleman's first point, he knows as well as I do, and the view is shared by everyone in the other place, that there was an organised filibustering campaign, which is unprecedented in the way in which the other place conducts its business and of great concern to all those who value its self-regulating nature. That view is not only held by me, but shared across the other House. On his second point, we propose that there will definitely be some public hearings, and there will be up to five in Scotland, Wales and Northern Ireland and each of the English regions. We will allow the boundary commissions to use their discretion to decide where they hold the hearings so that they can reflect the issues that people will raise.

The hon. Gentleman will know that the Bill, as proposed by the Government and as it left this place, contained no provision for an oral process at all. The Government listened carefully to the proposals made in the other place and brought forward those changes, which were accepted without Division. He will also know that his colleagues in the other place then suggested effectively taking us back to the very legalistic process. A full debate was held and the other place decided that that was not an appropriate method and that it was content with the public hearings that we proposed.

Thomas Docherty (Dunfermline and West Fife) (Lab): The Minister has made the outrageous claim that there was filibustering. I attended the debates several times in the early hours of the morning to watch the noble Lords debating the issue and I am surprised that he regards some of his Liberal Democrat colleagues in the other place, such as Lord Tyler and others, who tabled amendments which were then accepted in the early hours, as having filibustered. Does he think that it was only Labour peers who filibustered, or does he make that claim just because he was forced to wait for his Bill?

Mr Harper: There is a general acceptance in the other place, not only among Conservative peers and those supporting the Government parties, but from many

Cross Benchers, that the behaviour, not of the House of Lords but of a small number of former Labour MPs who have gone to the other end of the building, was unacceptable.

Ian Lucas (Wrexham) (Lab): Community councils in my constituency have discussed the removal of the right to make oral representations in public inquiries on parliamentary changes in conjunction with the presentation of information to them from the Boundary Commission on local council boundary changes. It will still be possible to consider local council boundary changes in a local public inquiry, so why is it wrong for a parliamentary constituency to have the right to a public inquiry over the most fundamental changes to boundaries since the 19th century?

Mr Harper: The hon. Gentleman raises the issue of people's ability to have their say in person. Such provision was not in the Bill originally, but we listened carefully to the debate in the other place, and there were a number of very good arguments. Among others, Lady de Souza and Lords Pannick and Wolff were of the view that it was important to allow local people to have a say, so we tabled a Government amendment and an associated new schedule enabling an outlet for local opinion, and that was included in the Bill.

The proposed changes were accepted without a Division in the other place, but I have said—I think, accurately—that there was then an attempt effectively to turn that process of public hearings back into the largely discredited legalistic inquiry process. There was a debate, but the other place, having decided that it did not want to accept the idea, was content with our proposal for public hearings.

Paul Murphy (Torfaen) (Lab): I do not agree that the proposals before us are anything like proper inquiries, but let us assume that the Minister is right and they are concessions. Does he not accept that Wales loses 25% of its Members while the rest of the United Kingdom loses 7%? Does he not think, therefore, that there should be more such assurance in Wales than in other parts of the country?

Mr Harper: On the right hon. Gentleman's first point, which is that public hearings are different from the old discredited system of local inquiries, he is spot on. They are designed to be different, because the academic evidence is very clear: the old system of public inquiries did not lead to an improvement in the boundaries.

Tristram Hunt (Stoke-on-Trent Central) (Lab): Will the Minister give way?

Mr Harper: I am happy to take interventions, but let me at least answer the right hon. Gentleman first. Then, of course, I will take the hon. Gentleman's point.

On the right hon. Gentleman's point about Wales, he is quite right that Wales's share of the House of Commons will fall from 6% to 5%, but we debated the issue in this House, the other place debated the representation of Wales, and both Houses decided that the current over-representation of Wales is not acceptable. All parts of the United Kingdom should be treated equally—

Chris Bryant (Rhondda) (Lab): Apart from the Isle of Wight.

Mr Harper: We will get on to the Isle of Wight in due course, but the hon. Gentleman's colleagues in the other place tabled and supported an amendment to treat the Isle of Wight differently, so it is no good him chuntering from a sedentary position.

Tristram Hunt: In evidence to the Political and Constitutional Affairs Committee, we heard last week from Professor Ron Johnston, who listed examples of case after case where public inquiries and the voices of local people had changed the results of Boundary Commission studies. The hon. Member for Epping Forest (Mrs Laing) will back that up. There is no argument that the system is somehow discredited; it is a proper voice by which people can have their say.

Mr Harper: The Government accept the argument, and accepted it in the other place, that we should have a process in which local people, particularly, can have their say. That is why we brought forward the proposal for public hearings—

Stephen Williams (Bristol West) (LD) *rose—*

Sarah Newton (Truro and Falmouth) (Con) *rose—*

Joan Walley (Stoke-on-Trent North) (Lab) *rose—*

Mr Harper: Let me just answer the hon. Gentleman's point first. Then, I shall try to take points from Members according to the order in which they rose.

Having read other contributions from Professor Johnston and his colleagues in their British Academy report on the matter, I note that they made it quite clear that local inquiries resulted in little change, and that those arguments raised at local inquiries which had not already been raised in writing did not have any bearing on the result.

We listened carefully to arguments for allowing people to have their say in person, however, and we particularly wanted a process that was more accessible to the public, not just to political parties and their lawyers. Those in the other place—Cross Benchers in particular—were content with our proposals.

Stephen Williams: I was also at the Select Committee hearing with Professor Johnston of Bristol university to which the hon. Member for Stoke-on-Trent Central (Tristram Hunt) referred. Professor Johnston actually said that public inquires were usually games for political parties, and that some parties were able to hire expensive barristers. The public were often frustrated by political parties and their barristers, but the hearings that the Bill proposes instead are likely to give the public more say than hitherto over the process.

Mr Harper: I am grateful to my hon. Friend, whose argument holds a great deal of water, because that is broadly what the British Academy report said about local inquiries. That report was produced by a team of academics headed up by Professor Ron Johnston, so if that is what he said at the Political and Constitutional Reform Committee, it stacks up very well with what he said in writing.

5 pm

Sarah Newton: I strongly welcome these amendments, because it is vital that people's voices are heard, especially those of the people of Cornwall, who mounted a hugely successful campaign about our desire to keep Cornwall whole. I hope that through these opportunities for public meetings, we might yet succeed in achieving that. Does the Minister agree that it would be very desirable to have one such public meeting in Cornwall, given the strength of feeling there?

Mr Harper: I thank my hon. Friend for making that point. It is obviously not for the Government to tell the boundary commissions what to do, but one of the reasons for ensuring that there can be several inquiries in various regions is that the commissions will be mindful of the areas where they suspect there will be considerable public interest. It is fairly obvious to everybody that, in the south-west of England, Cornwall will be one of those places where members of the public, in particular, and of course Members of Parliament, will be very keen to make that case.

Mr David Winnick (Walsall North) (Lab) *rose—*

Huw Irranca-Davies (Ogmore) (Lab) *rose—*

Mr Harper: I think that the hon. Member for Stoke-on-Trent North (Joan Walley) has first dibs.

Joan Walley: Given that not all of us have been party to all the debates in the other place, can the Minister tell us how local people will have their say? Whatever the Government are saying about localism, I cannot see how, under the new arrangement that he is bringing to the House, people will understand how they are going to have their say. It might be all right for Cornwall, but it might not be for Stoke-on-Trent.

Mr Harper: When the boundary commissions decide to hold their public hearings, they will of course publicise them. We have set out that the commissions will be able at the beginning of those public hearings to lay out the details of the proposals on which they are hearing from local people. I would have thought that the hon. Lady's constituents in Stoke-on-Trent were as capable of participating as those in Cornwall and in other parts of the United Kingdom.

Mr Winnick *rose—*

Huw Irranca-Davies *rose—*

Mr Harper: I will be happy to take interventions when I have made a little more progress. I think that the House would expect me to do that in a time-limited debate.

We have also amended the Bill to provide that the boundary commissions must publish all the responses to their initial consultation and allow an additional period during which people will be able to make further representations or counter-representations related to the arguments put forward by others. This is the second area where we thought that some good points had been made in the debate, and we acted in response to an amendment tabled by Lord Lipsey on the Opposition Benches. We think that this amendment, in combination with the public hearing proposals, will deliver a consultation process that represents a real improvement not only on the one that was in the Bill originally, but on that in the Parliamentary Constituencies Act 1986.

We have made other significant amendments to part 2. We have tabled amendments explicitly to empower the boundary commissions to use wards as the building blocks for constituencies—the other place got very exercised about that—and to give the commissions discretion to take account of existing parliamentary boundaries. The amendments respond to concerns about the degree of explicit guidance given to the commissions on what they could take into account. We have accepted an amendment expressly enabling the Boundary Commission for England to take account of the boundaries of the City of London.

In response to an amendment from Lord Williamson, a Cross Bencher, we will require that a review is established after implementation of the new constituencies at the next election to consider the impact of the reduction in the number of seats in this place to 600. There was extensive debate about that in the other place, where we heard all about the fears, largely of those who had been Members of Parliament, that slightly fewer—7.6% fewer—Members of Parliament in this place may place constraints on their ability to do the job. We thought that Lord Williamson's suggestion of a review in the next Parliament to consider the effect of that reduction to see whether there were some lessons that could be learned was very sensible, and we were happy to accept it.

Mr Charles Walker (Broxbourne) (Con): Does my hon. Friend agree that it seems strange to many Members across the House that we are reducing this House to 600 Members while increasing the size of the unelected House of Lords by 150 peers?

Mr Harper: My hon. Friend makes what would be a good point if it were not for the coalition Government's clear commitment to bring forward a draft Bill in the near future—early this year—to reform the other place. If we were not doing that, he would have a solid case, but given that we are proposing to do that, his case falls away and there is just a timing difference.

Mr William Cash (Stone) (Con) *rose—*

Mr Winnick *rose—*

Mr Harper: I will give way to my hon. Friend and then to the hon. Gentleman.

Mr Cash: Would my hon. Friend be interested to know that some of us are beginning to think, in the light of the forthright position that the House of Lords has taken on the threshold, which we will come to later in the debate, that that House may be more trusted by the electorate than those on the Government Benches?

Mr Harper: Mr Deputy Speaker, you would not expect me to be tempted to debate the threshold now, because we will come to it later. I do not agree with my hon. Friend. There is a good case for electing Members to the other place. He knows that the coalition Government have committed to a wholly or mainly elected House.

We are in the process of drafting that legislation. From what he says, it is clear that he does not agree with that, but I know, Mr Deputy Speaker, that you do not want me to go into the case for or against House of Lords reform in this debate.

Mr Winnick: There will be an interesting debate on thresholds in due course. On the numbers, is the Minister surprised that it is dawning on people outside the House of Commons that far from being a democratic move, it is pretty anti-democratic, because the Government of the day, whoever they are, will simply have more authority? Given that even the most junior Ministers have a Parliamentary Private Secretary, there will be fewer Back Benchers to scrutinise the Government here and in Select Committees. For Governments, the fewer Back Benchers, the better.

Mr Harper: The hon. Gentleman obliquely raises the issue of the number of Ministers. He knows that we have been clear at this Dispatch Box and in the other place that we know that there is an issue with that. However, we do not think that this Bill is the right place to deal with it, partly because of the issue of House of Lords reform. We will have to tackle how many Ministers there are not only in this place, but in the other place. As well as the number of Ministers, he touched on the number of PPSs, which currently is not regulated. We have made it clear that the Government will deal with this issue, but that this Bill is not the right place to do so.

Mr Winnick: In my lifetime?

Mr Harper: This debate also took place in the other place and it was content with our proposals. I do not wish to speculate on the hon. Gentleman's longevity.

Amendment (b) to Lords amendment 27 would require the arrangements for the review into the reduction of constituencies to be put in place between 1 March and 1 November this year. We do not agree with the Opposition's thinking in that amendment, because to assess the effect of the reduction in the number of constituencies we must have seen the effects; we should not speculate about them. We think that the Cross-Bench proposal to have the review after the next election is much more sensible.

We have made a number of more minor, technical amendments, including an amendment to ensure that existing legislative powers to change the date of the poll for Northern Ireland Assembly, Scottish Parliament or Welsh Assembly elections are not affected by the provisions on the combination of polls on 5 May. That amendment was made in the other place, but in response to concerns raised in this House by the hon. Member for Foyle (Mark Durkan). We have made amendments to apply the Electoral Commission's new civil sanctioning powers for new offences relating to loans; to give the chief counting officer the power to be reimbursed from the public purse for expenses that she incurs because it is economically beneficial to the public for her to do so—that is the debate that we had on the money resolution; to ensure that a single definition of registration officer applies throughout part 1; to place an explicit obligation on the chief counting officer for the referendum to take steps to facilitate co-operation between regional counting officers, counting officers and registration officers; and finally, to provide that an elector who registers or who is already registered for a postal vote at one of the polls combined with the referendum, and who is entitled to vote in the referendum, is automatically registered for a postal vote for the referendum.

Thomas Docherty: Going back to the point that the Minister made as he rattled through that list, and to the debate that we had a short time ago, will he now confirm, as he did not take the opportunity before, that the Secretary of State will write to returning officers in Scotland to instruct them to begin the count for the Scottish Parliament election as soon as the polls close, and not to delay it?

Mr Harper: In response to that debate, which—from memory—was about whether to include in the Bill a power to direct those counting the votes, I said that that would be out of scope and I confirmed that that was the case. If the hon. Gentleman is right in what he says about some returning officers in Scotland, there is nothing in the Bill that has caused them to take that decision. It is a decision that they have taken of their own volition. Some returning officers in Scotland have confirmed that they will count overnight and that there is no problem in doing so. Some returning officers have said that they do not propose to do so, but that is nothing to do with the combination of the polls. It is to do with their judgment about how they want to conduct the count.

As I was saying, similar provision about the combination of polls and postal votes has been made for those registered for other forms of absent vote. I believe that the raft of changes made to the Bill, which the Government have accepted, demonstrate that we have been willing to listen and engage constructively with both Houses of Parliament and to agree to all the proposed changes to our proposals that we believe were merited.

Chris Bryant: I am afraid I completely disagree with the Minister's interpretation of events over the past few months. I wholeheartedly congratulate their lordships on the process they have engaged in, and I make no apologies for the fact that Labour MPs have been holding the Government to account in this House, or for the fact that in the House of Lords there are people who were elected previously and who are able to bring a degree of expertise to the debates when discussing elections.

I note that yesterday Sky News was reporting that the Prime Minister, David Cameron, would take revenge on Labour peers. Bring it on. In legislation on the reform of the national health service, the reform of schools and public services that everybody depends on, Labour peers down the other end will do as robust a job as they have done on the Bill. If there was anything that showed that the Government have not been acting entirely in good faith, it is today's programme motion, which allows only four hours for 104 amendments to be considered, including the time taken for votes.

I am not sure that my interpretation of what has happened is the same as the Government's. I say to all hon. Members in all seriousness that I fear that many Members who end up voting for the Bill will regret the day that they did so. The Government have bulldozed their way through every convention so far, ludicrously combining two pieces of legislation that should never have been in one Bill—only because that was a way of keeping the coalition together—pushing forward with

[Chris Bryant]

no pre-legislative scrutiny of a measure that had no electoral mandate, curtailing debate in this House, for the first time ever threatening the guillotine in the House of Lords, then packing the Lords with pliant new Conservative and Lib Dem Members every day and suspending all the normal rules in the House of Lords.

We will rue the way in which the Bill was pushed through and the legislation itself, because we are not legislating on the basis of long-term democratic health for this country, or on the basis of sound principle, but solely so as to meet the partisan needs of the coalition.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): The hon. Gentleman seems to be suffering from a certain amount of amnesia. When his party was in office in the previous Parliament, there was guillotining all over the place.

Chris Bryant: The hon. Gentleman sometimes suffers from amnesia himself. I was talking about guillotines in the Lords. It has been a fundamental principle of the constitutional settlement in this country that the House of Lords is a self-governing House and never has a programme motion.

When there was a Labour Government of just one political party, we never had a majority in the House of Lords. By virtue of how the Government are progressing at the moment, with a large number of new peers being appointed—117 since the general election—they are approaching the point at which they will have an absolutely majority in this House and the other House.

5.15 pm

Mr Harper *rose—*

Chris Bryant: I am not going to give way to the Minister on that point, because I know what he is going to say—that it will not give the Government a majority. However, the coalition's statement says that they intend to keep on appointing Members of the House of Lords until the percentage share of the vote in the general election is matched there. That will give a majority to the Conservatives and the Liberal Democrats. If the Minister wants to intervene now, I am happy to give way.

Mr Harper: I want to make it clear that we have appointed a number of peers, but that a number of them in the resignation honours list of the former Prime Minister were, of course, Labour peers. Even with the new peers who have been appointed, the coalition Government have 40% of peers, well away from a majority.

Chris Bryant: The Minister knows perfectly well that the Government are getting very close to the stage at which they will end up having an absolute majority in both Houses. The vast majority of peers who take part in the daily business of the House and vote with the most regularity are those who take a party Whip. Among those, there is already a majority for the governing coalition. The Labour party never had that when in government. My main point is that we have to have some brake on the Government, especially if we go forward and have an elected second Chamber. Otherwise, government becomes autocracy.

Lords amendment 104, so the Minister would have us think, effectively introduces a real opportunity for local people to have their say on proposals from the Boundary Commission. It was a Government amendment tabled in the Lords, but it was introduced in a way that was not quite as the Minister suggests. In fact, Lord Falconer had tabled an amendment and was prepared to waive it because the Government said that they would return on Report with a full process that would embody the ideas behind public inquiries. In fact, Lord Wallace of Tankerness said specifically that

"the Government's position has been that we are open to considering reasonable improvements to the process, provided that they do not compromise the fundamental principles of the Bill, and that still remains our position."—[*Official Report, House of Lords,* 26 January 2011; Vol. 724, c. 1069-1070.]

I do not know what fundamental principles of the Bill might mean that local people cannot have an effective voice, but that is what we have ended up with.

Let us be absolutely clear that what the Government propose does not meet the objections made by the Cross Benchers, Labour peers or many others who believe that local people should be able to have a proportionate say after the Boundary Commission has made proposals. For a start, the inquiries will not be local. There will be five at most across the whole of Wales and five in each region. I look forward to going to one of the five in the south-west, covering an enormous region with wide diversity. Each hearing will probably cover about 10 constituencies. I say to the hon. Member for Truro and Falmouth (Sarah Newton), who spoke earlier about Cornwall, that I do not think there is a chance in hell of local people in Cornwall having their views heard properly in the process. In addition, because of how the Bill is constructed, it will be impossible for the Boundary Commission to do anything about it even if it says that Cornwall should not be split up. The principle of the Bill to which the Minister is so adherent in some parts of the country, but not in all, is that the size of parliamentary constituencies should be equalised—too aggressively, I believe.

Alec Shelbrooke (Elmet and Rothwell) (Con): Will the hon. Gentleman define "local people"? Is he talking about unelected local people, local councillors or everybody?

Chris Bryant: I mean all those. There is an important distinction, which, as my hon. Friend the Member for Stoke-on-Trent Central (Tristram Hunt), who is not in his place, said earlier, was discussed in the evidence that was given to the Select Committee last week. Political parties have their views to express—in the past, some have employed a barrister to express it for them, and that is perfectly legitimate. Sometimes, local councils want to take a view because they have a role in electoral registration and so on, but often local people in a small village, such as Much Marcle or Midsomer—if anyone is still alive in Midsomer—who are independent of any political affiliation, want their voice to be heard. They want to say, "No, frankly, we in Acton Burnell don't"—or do—"want to be in Shrewsbury constituency." We need a process whereby the people of Acton Burnell, where Parliament was held at Michaelmas in 1283, can express their view, and that will be impossible if there are only five hearings across the whole region. There will not be a hearing for each constituency. It is not each constituency that will be considered right or wrong. That is one of the problems.

Daniel Kawczynski: The hon. Gentleman is being cynical. If the people of Acton Burnell, who are in my constituency, wish to remain there, they can feed that information through to me and I will put that view at the public meeting.

Chris Bryant: I am impressed by the hon. Gentleman and I am sure that all views expressed by anybody in his constituency should undoubtedly, at all times, be expressed solely through him. However, there is another version of democracy, whereby sometimes people disagree with their local Member of Parliament and might want to adopt a different position.

Mr Winnick: The Minister said that public inquiries are discredited—we obviously disagree with that. However, is not it interesting that in previous Parliaments, we heard no such condemnation of public inquiries from the Conservatives, whether in government or in opposition? It is the first time that that has happened.

Chris Bryant: Much as I would love to agree with my hon. Friend, I recall previous comments: when people lost the argument at a public inquiry, they tended to hold forth against them; when they won the argument at a public inquiry, they tended to support them. However, in many cases, the Boundary Commission's original proposals were overturned through public inquiries because of the voices of local people, such as the people of Acton Burnell, of Much Marcle and so on. Sometimes it happened because of the intervention of political parties. None the less, the end result has been constituency boundaries that, in the main, are accepted by the people who are represented.

Paul Murphy: My hon. Friend is making a powerful case for boundary inquiries. My constituency was preserved 27 years ago by a long public inquiry. However, I am not sure whether the Minister grasped my earlier point. In Wales, there will be a 25% reduction in the number of seats—I was not arguing about the principle, but making the point that the disruption to the political and constitutional landscape in Wales is hugely greater than in other parts of the country. We should therefore have more public hearings in lieu of the public inquiries.

Chris Bryant: My right hon. Friend is absolutely right. In addition, there are some specific concerns. For example, it is possible that, as a result of the boundary changes, we would end up with no single constituency in Wales with a Welsh-speaking majority. That is not of particular concern to my constituents in the Rhondda, but it is of concern to the British Parliament that that voice could be lost.

Mr Bernard Jenkin (Harwich and North Essex) (Con): One of the reasons for my losing faith in the old system of public inquiries is that, for all the arguments that the Conservative party presented for a fairer distribution of constituencies, we finished up with a manifestly unfair distribution. We need a speedier system, which can use fresher and more up-to-date data to deliver a fairer distribution of constituencies. That should happen.

Chris Bryant: It might be that the Conservative party lost because it did not advance good arguments, which goes back to my earlier point.

Mrs Eleanor Laing (Epping Forest) (Con): Will the hon. Gentleman give way?

Chris Bryant: If the hon. Lady does not mind, I ought to make a little progress.

5.30 pm

One other significant problem with the Government amendment on hearings and inquiries is that there will be no process of resolution. There will be two days of hearings to consider some 10 constituencies, and a rush of people will come, make their case and leave. At the end, there will be only a verbatim transcript of what was said. There will be no process by which somebody weighs the arguments on different constituencies or the whole area, no summing up, and no report written for the Boundary Commission.

That will give the Government two problems. First, it will almost certainly lead to a much higher number and greater frequency of judicial reviews, which was raised in the House of Lords by two noble peers. Lord Woolf said:

"If there is no provision for an inquiry"—

by which he meant a proper inquiry, not just a hearing—

"I anticipate that there will inevitably be an increase in applications for judicial review...If this amendment is not accepted, the issues that will be sought to be raised on applications for judicial reviews are ones which the courts will find peculiar difficulty in dealing with."—[*Official Report, House of Lords*, 26 January 2011; Vol. 724, c. 1067.]

The real danger, therefore, is that we will end up with a slower, more complicated process, because instead of taking their argument to the public inquiry, people will simply take it to court. That will be expensive, so those who can afford it will do better out of the system, and the process will be delayed, which the Government are keen to avoid on principle.

Mr Harper: The hon. Gentleman just said something that simply is not true. He said that no one will weigh up the arguments that are put at the public hearing, but that will happen. The boundary commissioners will look at the oral evidence and the written representations, weigh them up and make a judgment. Mr Speaker is of course the ex-officio chair, but the deputy chairman of the commissions is a High Court judge—someone who is legally qualified and perfectly able to chair a process that makes such decisions.

Chris Bryant: Lord Pannick made similar points to the ones I just made. He said:

"It is absolutely inevitable that the introduction of such a procedure will exacerbate rather than diminish the sense of grievance that has led people to make representations in the first place."—[*Official Report, House of Lords*, 8 February 2011; Vol. 725, c. 143.]

People's sense of grievance will be exacerbated because they will make their arguments not to an independent person who weighs them up and submits a report to Boundary Commission, but third hand to the Boundary Commission, which, as the Minister says, will then make the decision. That will lead to a greater sense of grievance about the structure of parliamentary constituencies. I say this to Government Members: every single one of you will go through that process, and you will rue the day if you do not change the proposed system.

Mrs Laing: I am sure the hon. Gentleman realises that his answer to my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) exactly explains why the old system was dominated by clever lawyers and barristers, and clever political argument, and why it must be changed—it had nothing to do with local people. The hon. Gentleman just admitted as much.

The hon. Gentleman's point on judicial review is a strong one. Does he agree that judicial review, and therefore delay and uncertainty, will be stopped if the Bill is certain and precise? That is why we cannot allow, for example, Lords amendment 19, which mentions circumstances of "an exceptionally compelling nature". That is imprecise, but it is our duty to produce precise legislation, and thereby to obviate the necessity for judicial review.

Chris Bryant: Large parts of the Bill are not sufficiently precise, and the Opposition have tabled amendments to improve the quality of the legislation. The hon. Lady is a member of the Select Committee on Political and Constitutional Reform, but I am not sure whether she heard Professor Johnston's evidence last week—*[Interruption.]* I see that she is brandishing a document, like Excalibur. My reading of his evidence is that he felt that, in certain situations, the Acton Burnells of this world could effect change. We want that to be possible under the new system. We want the people of Cornwall, if they want to, to say categorically, "We do not want to cross the Tamar in the creation of a constituency." However, there is no provision in the Government's Bill, either for that voice to be heard effectively and transmitted to the Boundary Commission, or for the commission to act upon it. The commission can do absolutely nothing to act upon it because it is bound by the 5% rule, which is why I hope that the hon. Lady will support the 7.5% rule. If she has a way of improving the provision so that it is more precise, I would be delighted to sit down with her later and draft a new version.

Graham Stringer (Blackley and Broughton) (Lab): Is not the problem with the process that, in principle, after the public hearing, the High Court judge chairing the original boundary commission is effectively the appeal judge to his own decision? I cannot think of any other process in administrative or public law in such an unsatisfactory situation.

Chris Bryant: My hon. Friend makes a perfect point. He is absolutely right. Someone cannot be judge, jury and appeal judge of their own decision. The danger is that people will go to court to try to resolve the problem. That is inevitable. All the Cross-Bench lawyers who spoke in the Lords debate made that precise point. That is why we have tabled an amendment to a Lords amendment—I hope that we can divide the House on it, unless the Government are minded to accept it—that would make it clear that public inquiries are intended not just to allow somebody to make a representation, but to effect change if necessary.

Alec Shelbrooke: Will the hon. Gentleman give way?

Chris Bryant: I will not, if the hon. Gentleman does not mind, because we are on a time-limited debate and I have already given way to him once. He knows that I nearly always give way to everybody.

We have also tabled amendments to Lords amendment 27, which would allow for the creation of a committee after the next general election in June 2015 to consider the effects of the reduction of seats from 650 to 600. It is our fundamental assertion that it would make far more logical sense first to consider the role of MPs, what their job is and therefore how many MPs we need, and then to draw up the boundaries, rather than the other way around. That is why we have tabled amendments to that effect. As we have suggested many times before—Conservative Members have said this as well—there is no electoral mandate for the reduction from 650 to 600. There is no logic behind it and no Minister has ever been able to come up with a reason that figure has been chosen, other than, we suspect, the fact that if we went down to the original Conservative manifesto proposition of 585, we would lose another wodge of Liberal Democrat seats, and consequently—*[Interruption.]* I merely suggest to hon. Members that they might choose to table amendments to take us down to 585. However, we do not accept the way in which the motion has been advanced.

I want to refer briefly to two other issues. One is the matter to which the Minister referred in his swift run-through of minor amendments made: the issue of postal voters which was raised when we discussed the matter in Committee of the whole House. If someone is registered for a postal vote for an election in Scotland, England, Wales or Northern Ireland, will they automatically get a postal vote for the referendum? As I understand it, that is now to happen—*[Interruption.]* Actually, I know because I read the Electoral Commission's report on it. Some people are concerned that others will by dint of that receive two postal votes for the referendum, because some people are registered in two places, including many MPs, who might be registered at their flat in London as well as in their constituency. They might be registered in both of those for postal votes and might then get two referendum ballot papers. That is obviously an issue that needs to be addressed. It was discussed in Committee.

Mr Harper: That is no different from the existing system, in which those on two electoral registers might get two ballot papers, but it is very clear—Members of Parliament will be as aware of this as anyone else—that voting twice in the referendum would be a criminal offence, as would voting twice in a general election, and I am sure that no Member of this House would want to do such a thing.

Chris Bryant: The Minister is being querulous. I was not suggesting that anybody wanted to do that, but there are some unscrupulous people out there who are not Members of this House who might want to do such a thing. The danger is that we will open ourselves up to an element of fraud.

My final point is about Lords amendment 18, tabled by Lord Tyler, which adds a criterion that the Boundary Commission can look at when considering the new boundaries that it draws up, namely the boundaries of existing constituencies. I am sure that all hon. Members think it a sensible idea for the boundaries of existing constituencies to be borne in mind when drawing up new constituency boundaries. I am delighted that on that, if nothing else, we agree with the Government.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Nigel Evans): Order. There are about 11 minutes left, so brief speeches would be welcome.

Mr Walker: I will be extremely brief, because I come here naked, without a formal speech to give. All I would say in response to the two Front-Bench speeches that we have heard is that I think that the Lords did an absolutely magnificent job. The Bill has been rushed through this House in haste, and the Lords did exactly what they are meant to do, which is to act as a reforming and revising House. We will ignore some of their recommendations this evening at our peril.

The Prime Minister is not one for taking revenge against those who disagree with him, or perhaps delay his ambitions. I therefore disagreed with the shadow Minister when he quoted Sky News and said that the Prime Minister was gearing up great armies to swoop down on the House of Lords and duff them up a bit. However, I am concerned about the vague promises made by those on my side of the House about setting up a commission to review whether reducing the number of Members of Parliament to 600 is a good idea. This really should have been done by now, as part of the work of a far wider cross-party commission, bringing together all parts of the House to look at the proposals, because we are talking about fundamental constitutional reform. If such reform is to be successful, it will need to carry the support not just of Members of Parliament but of our constituents.

Our constituents will be concerned about what they are seeing, because in essence we propose to reduce the size of the House of Commons by roughly 10%. We do not propose to reduce the number of Ministers, and we are increasing the number of peers by 150. I am sure that some proposal or other will be made to address the question of the House of Lords—there might be a proposal for an elected upper House—but that could be kicked into the long grass and become a third-term aspiration for this coalition Government.

Mr Harper: I will be brief in my intervention, given the time limit. As my hon. Friend has said that he thought that the House of Lords did a good job, he should know that the proposal for a review after the next election was made by Lord Williamson, a Cross Bencher. It is a proposal that we agree with, and it had broad appeal in the House of Lords, not just for those who take a party Whip, but for Cross Benchers. I hope that on that basis my hon. Friend will welcome the proposal, which the Government accepted, and which we propose to accept in this House.

Mr Walker: I would say to the Minister that we should have shown more foresight in this House, and addressed those issues here before passing them over to the House of Lords.

I conclude by saying that I support any movement and organisation in this House that is difficult, and makes some attempt to resist the will of the Executive.

Ian Lucas: Of all the appalling aspects of this piece of legislation, for me the abolition of local public inquiries is quite the worst. No party ever proposed to abolish them before the general election. If the parties now in government had a particular concern about public inquiries, I would have expected them to express it in manifesto commitments on which the electorate could have given their verdict in the general election. However, it is only since the general election that the issue has been raised.

When the idea was raised, I was anxious to obtain the views of local people in my constituency. I highlighted to community councils—the equivalent of parish councils in my constituency—the fact that the right to deliver oral representations to a public inquiry was about to be abolished. My letter to those community councils was considered at the same time as a report from a boundary commission relating to local councils. Representations had been made by councillors of all political parties objecting to boundary commission proposals for local councils. The community councils were most concerned about the local council provisions. They then saw my letter, and became aware that the right to make representations about a parliamentary boundary change was to be taken away from them.

In Wales, public inquiries will continue to be held on matters relating to local councils and Assembly seats, but they will be removed for matters relating to parliamentary seats. The only reason why they are being removed is the electoral deal between the Liberal Democrats and the Conservatives, who want to remove those public inquiries because they need to get the changes through by the next general election. That is why this huge constitutional Bill was not delivered in draft; it is also why many of us on both the Opposition and the Government Benches had our right to make speeches on important issues removed through the use of the guillotine when these matters were considered before Christmas.

Mark Durkan (Foyle) (SDLP): My hon. Friend is rightly highlighting the implications of this provision for Wales. In the context of Northern Ireland, the Bill still ignores the fact that constituencies for the Northern Ireland Assembly are exactly coterminous with parliamentary constituencies. The Boundary Commission's terms of reference do not allow it to address Assembly considerations, but it will be the implications of the Bill for the Assembly that will prompt people to call for local inquiries. Villages will be cut off from their hinterland, which will raised geo-sectarian issues. Those are the controversies that people will want to put in front of a local inquiry, but the Bill will remove their right to do so.

Ian Lucas: Absolutely; my hon. Friend makes a powerful point about Northern Ireland, and I can speak for my constituency in Wales. The Bill will have profound implications for communities across the United Kingdom. In due course, the Boundary Commission will reveal the proposals and people will see what they are. Only at that stage will people will realise the true horror of the Government's proposals. They represent the antithesis of any form of localism, and they will take away responsibility from local communities.

The dripping sanctimony that we used to hear from Liberal Democrats and Conservatives about localism is in marked contrast to their appalling unreadiness to listen to any arguments about the Bill. They should be deeply ashamed of this legislation. All legislation should be made for the long term, and should carry as much cross-party consensus as possible. Members who support

[Ian Lucas]

the Bill will have to explain to their constituents why they will no longer have the right to make oral representations on any proposed changes to their local constituency. Those Members will rue the day that they voted for this legislation.

Mr Jenkin: I agree with my hon. Friend the Member for Broxbourne (Mr Walker) that this whole matter is being rushed. If there is one thing that should not be rushed, it is the prospect of constitutional change. The pressure of time on our proceedings on the Bill arises solely from the Government's desire to achieve the date of 5 May for the referendum. That date is cemented into the bit of the coalition agreement that was not published, and it exists purely for political purposes. This is a purely political device, perhaps to try to get a yes vote, or to try to boost the Liberal Democrat turnout at the local elections being held on the same day. Let me be absolutely blunt: there will be barely 11 weeks between the Bill receiving Royal Assent and the referendum, even though the Political Parties, Elections and Referendums Act 2000 stipulates that there should be a period of six months in which to prepare for a referendum.

This referendum is being indecently rushed. Unfortunately, Lords amendment 2, which proposes that the date should be changed, does not do the trick. It does not require the date to be changed. I do not know whether the Government intend to accept that amendment, but it would have no practical effect. The House of Lords has made clear its discomfort with the fact that the referendum was to be held on the same date as the local elections and the Assembly elections. I will not detain the House on that Lords amendment if there is no Division, but I wish to draw attention to the fact that this is a shoddy way to conduct a referendum. It is unconstitutional, it is political—deeply political—and it is not an objective way to address this issue. It will undermine the value of any referendum result, and I shall certainly support a later Lords amendment to address the problem.

5.45 pm

Mr Harper: It is worth putting on the record the fact that, as my hon. Friend the Member for Bristol West (Stephen Williams) said, the evidence from academics such as Professor Ron Johnston is clear. They said that in most cases inquiries made little impact, and they clearly saw them largely as an exercise in allowing parties to seek influence over the Electoral Commission's recommendations. They also said that it would be "a major error" to assume that all inquiries of the past largely involved the public having their say. They were very clear about that, and they welcomed what the Government were doing.

On the question of how many public hearings there will be, we have trebled the time for written representations and we have added a four-week period for counter-representations, which we think will be a more effective process than the legal process that existed—

5.47 pm

One hour having elapsed since the commencement of proceedings on consideration of Lords amendments, the debate was interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83F), That this House agrees with Lords amendment 2.

Question agreed to.

Lords amendment 2 accordingly agreed to.

The Deputy Speaker then put forthwith the Question necessary for the disposal of the business to be concluded at that time (Standing Order No. 83F).

Lords amendments 3 to 7, 9 to 15, 18 and 21 to 104 agreed to, with Commons financial privileges waived in respect of Lords amendment 31.

Clause 11

Number and distribution of seats

Mr Harper: I beg to move, That this House disagrees with Lords amendment 16.

Mr Deputy Speaker (Mr Nigel Evans): With this it will be convenient to discuss Lords amendment 19.

Mr Harper: The amendment would give the Boundary Commission the discretion to propose constituencies within an extended 15% range of the UK electoral quota in the event that a commission considered that exceptional local ties or geographical circumstances made it necessary for a viable constituency. That means that the plus or minus 5% rule could be extended to plus or minus 7.5% in the exceptional circumstances set out in the amendment.

The Government believe that the principle of "one vote, one value", so that there are votes of more equal weight across the country, is paramount. That is the fundamental principle underpinning the Bill. It is not an abstract concept, nor is it, as some of our opponents like to say, about a slavish adherence to arithmetic. It is right for electors across the UK to have an equal say not just in who will be their local representative, but in who will form the Government of the day. For votes to have equal weight in a single member constituency system, the constituencies must contain a broadly equal number of electors.

The existing legislation that determines how the boundaries are to be drawn—the Parliamentary Constituencies Act 1986—also has that principle at its heart. Indeed, in one sense it could be argued that it involves a tighter rule, because it suggests that the Boundary Commission should aim for exact numerical equality, but the rules in that Act are contradictory and compromise the principle of equality. We see the large variations in the sizes of constituencies at the moment, which is why the Government's proposals set a clear range for the number of electors that a constituency may contain.

I have already said that absolute equality is not practicable. There are a small number of specific exceptions, which recognise the practicalities of genuinely challenging geography: those are the two provisions that we inserted into the Bill at the beginning. I will not dwell on the subject of the Isle of Wight now; we will have an opportunity to do so later. More generally, the Bill allows for constituencies to vary by 5% either side of the quota. On the basis of the register data for 2009, that is about 8,000 electors. Within that range, commissions can take account of local circumstances.

Andrew George (St Ives) (LD): As the Minister knows, we have debated this issue many times before, but I have not heard him explain precisely what is significantly different about the two constituencies identified in the Bill, or why they are so significantly different that they should be identified. It would be useful to have that on the record.

Mr Harper: We have defined the difference. Both constituencies constitute groups of islands which, owing to their challenging geography, are not readily combinable with the mainland. I know that some Members, including the hon. Gentleman, wanted more exceptions to be made, but few if any argued that we should not have made the two exceptions that we did make. Although most of the argument in the House of Commons was in favour of further exceptions, we were reluctant to make many, because we believed that the general principle of equality was important.

There was a clear rationale for the Government's proposal for 5% either side of the United Kingdom electoral quota. It is the closest to equality that we can achieve while allowing wards, which are themselves drawn with local factors in mind, to remain the building blocks of constituencies in England which account for the majority of seats. We believe that that strikes the right balance between the principle of more equally weighted votes at national level, and flexibility to allow account to be taken of specific circumstances at local level.

The amendment was proposed in a constructive spirit by Cross Benchers in the other place who wanted to ensure that exceptions were strictly limited, and it was debated at length. However, the Government disagree with the Lords, for the following reasons. First, we believe that however emphatic the drafting, attempts to limit the exercise of the discretion in exceptional circumstances are unlikely to be as successful as the proposers of the amendment hoped. Each exception would constitute a further precedent, and as the number of exceptions increases, so does the scope for argument. That is clear from the existing legislation. Boundary commissions are supposed to aim for equality, but because of all the other factors that they must take into account, the size of some constituencies varies by up to 50%.

Andrew George: I would be interested to know why the Government believe that they know best how to divide the country into constituencies. If the primary purpose is to reduce the number of Members of Parliament to no more than 600—a laudable aim, which I strongly support—would it not be sufficient for the Government to stick to that, and allow the Boundary Commission to do its work?

Mr Harper: No, I do not think that it would. The existing process causes a significant variation in the size of constituencies. Even if we set aside differences between the constituent parts of the United Kingdom, where there are different electoral quotas, we see within England significant differences between parliamentary constituencies that effectively mean that the weight of someone's vote, in terms of the say that they have in the House, is significantly different from the weight of someone else's vote. The Government do not think that that is right: we believe that constituencies should be of more equal size, so that votes are of more equal weight across the whole United Kingdom.

John Mann (Bassetlaw) (Lab): The Minister conveniently ignores the fact that in some constituencies, such as those containing a large number of students or a large number of second homes, people will have registered twice. Constituencies will therefore not be equal, and individual registration will bring that sharply into focus at some stage in the future.

Mr Harper: The hon. Gentleman has raised three issues. First, I can tell him that we propose to continue to use the registered electorate data. Secondly, I can say in answer to his point about our proposal to introduce individual voter registration that—as I have made clear in the House before—the Government are as interested in the completeness of the registers as in their accuracy. The hon. Gentleman, who follows these matters closely, will know that we propose to conduct pilots this year with a range of local authorities to examine public sector databases, and the possibility of using the data to ensure that the electoral register is more complete. Thirdly, the hon. Gentleman will know that ownership of a second property does not, in itself, allow people to register to vote; the electoral registration officer must be satisfied that they genuinely reside in the area concerned.

John Mann: This is not just a question of second homes; it is also a question of the presence of students. Some constituencies contain 20,000 students, many of whom are dual-registered. There will not be equality of size; indeed, we will not know whether there is equality of size, because the students' home constituencies will vary dramatically. We can only guess what the figures would be.

Mr Harper: The Bill does not change the process of using the registered electorate data—which are the best that we have—to make the necessary decisions. I am not sure that the hon. Gentleman's point holds water.

John Mann *rose—*

Mr Harper: I will give way to the hon. Gentleman once more, but then I must make some progress.

John Mann: The Minister is kindly giving way again, in the interests of good debate.

My constituency does not contain many students. Whatever limit is set, that will be the number of people eligible and wanting to vote. Other constituencies—Sheffield, Hallam, for instance—contain vast numbers of students. There will be a big difference between the number of voters in Bassetlaw and the number of real voters in Sheffield, Hallam. What has that to do with equality of size of constituencies? The Minister has lost the argument, has he not?

Mr Harper: No. I am not entirely certain what argument the hon. Gentleman is trying to make, and I suspect that I carry at least quite a few Members with me. We are not changing the basis on which we use registered electorate data. The hon. Gentleman mentioned a limit to the number of people who had registered to vote, but everyone in his constituency who is eligible to vote is able to register. I would encourage everyone who is eligible to register to vote in his constituency to do so, and to use that vote in an election—as, I am sure, would all Members on both sides of the House.

Mrs Laing: The argument advanced by the hon. Member for Bassetlaw (John Mann) does not hold water at all. First, given that there are students and people with second or third homes all over the country, if someone moves from one constituency to another having registered two votes, those votes will cancel each other out. When the movement between constituencies is considered as a single total movement of population, we see that that will apply throughout the country. Secondly, that is exactly why we need a variation of about 5%.

Mr Harper: My hon. Friend mentioned the number of votes. It is true that if someone genuinely resides in more than one location, rather than merely owning property in those locations—I know that this has been an issue in some parts of the country including Cornwall, and I urge returning officers who do not believe that someone genuinely resides somewhere to be firm about challenging that claim—even if they receive two ballot papers, they are entitled to vote only once. That is the point that I was trying to make to the hon. Member for Rhondda (Chris Bryant). Currently it is possible to obtain more than one ballot paper, but it is a criminal offence to use more than one in the same election.

Andrew George: May I clarify a point? As the Minister said, we have debated the issue before. Does he mean "reside"—in which case people with three or four homes could presumably register in each of the places where they occasionally reside—or does he mean "primarily reside"? Surely it must be decided where people's primary residence is, rather than where they occasionally reside. People with second homes—and third homes, and fourth homes—have a significant advantage over all other voters, in that they can choose where to deploy their vote most effectively.

6 pm

Mr Harper: I understand why the hon. Gentleman raises this point: it is an issue in Cornwall, where a number of voters have second properties. The case law clearly talks not about "primarily reside" but about "reside". However, it is also clear that if a second-property owner pops there on holiday for two weeks a year, that would not count as residing. Many hon. Members genuinely live in more than one location of course, because we spend some of our time in London and some of our time in our constituency. Many Members will therefore be registered to vote in both places, but for parliamentary elections we will exercise that vote only once. I suspect that Members will tend to do as I do, which is exercise it in such a way that we can vote for ourselves, either because it makes a difference electorally or because it is more emotionally satisfying—or both.

I shall return to the point I was making before we went off on a number of interesting detours. However emphatic the drafting, we do not think that attempts to limit the exercise of discretion in exceptional circumstances are likely to be as successful as do those in the House of Lords who proposed the amendment. It may be true that the drafting will discourage a court from finding against a boundary commission that chooses not to exercise that discretion, but the commissions will be under considerable pressure to exercise it, particularly given the inclusion of the concept of "local ties". Exceptional local ties may actually exist in the UK, but the concept is already the Trojan horse which allows political parties to make arguments that are in their electoral interest—and, frankly, in their electoral interest alone.

The Boundary Commission for England noted in its fifth general report that there was usually more debate at local inquiries about local ties, in their many varied and often subjective guises, than about any other matter. That is one of the main reasons why constituencies are as unequal in size as they are today. It seems to the Government that this amendment would in practice simply increase the amount by which constituencies and the weight of vote vary, and do so by far more than those who argue for it imagine.

My hon. Friend the Member for Epping Forest (Mrs Laing), who is a member of the Political and Constitutional Reform Committee, made this point in the previous debate when she said it was important that we have clarity and as much certainty as possible. The Government's view is that that will not be the effect of this amendment, which is why I am arguing that we should not agree to it.

Mark Durkan: Is it not the case that clause 11 provides for constituencies in Northern Ireland to not conform to being within the plus or minus 5% UK quota? Instead, they will vary greatly, and far more widely than that quota; the Bill makes specific provision for that. Why can Northern Ireland constituencies deviate more widely from the UK quota, and from each other, than other constituencies? These are constituencies that will also be electing six seats each to the Assembly. This completely contradicts both the Minister's arguments and the principle of proportional representation that is in the Good Friday agreement.

Mr Harper: I think we debated this matter at an earlier stage in the House. The reason is very simple: Northern Ireland is a very small part of the United Kingdom and there is an issue in respect of seats being allocated between the constituent parts of the UK. If a Northern Ireland constituency is on the cusp of being or not being allocated as a seat, we could end up with a situation where a boundary commission's ability to have flexibility was constrained to a far greater degree than the plus or minus 5%. The point of the provision is to make sure that in such cases, in that very small part of the UK where there are relatively few seats, the boundary commissions are able to take proper account of local ties. In no other part of the UK is that effect likely to take place, because the next smallest part of the UK is almost twice the size. We thought this was a sensible measure to make sure the boundary commissions were not constrained to a far greater degree than they would be in other parts of the UK because of the relative smallness of the population of Northern Ireland.

Mark Durkan: This stems not from the size of Northern Ireland, but from the problem of fixing—from the fact that the Bill fixes the number of seats at 600 and 600 only, and from the way in which seats are then distributed to the different constituent parts of the UK. That is the issue. It has nothing to do with being able to take account of local boundaries or geography or anything else. It is because of this insistence on 600 and 600 only.

Mr Harper: Well, it is certainly true that even if we allocate using the Sainte-Laguë method—which is the one we specify in the Bill, and which is generally agreed by academics who are far more knowledgeable about these things than me to be the fairest way of allocating—it is always the case that there might be a seat that is close to the cusp of allocation. As a result, in this small part of the UK the boundary commissions might find their discretion overly constrained, and far tighter than the plus or minus 5% stated in the Bill. The measures for Northern Ireland were therefore to try to make sure that its boundary commissions were not overly constrained and unable to take account properly, as they can in the rest of the UK, of those important local ties with which the hon. Gentleman will be familiar.

The Government did not think that it would be possible to limit the effect of this amendment to genuinely exceptional matters. In this respect, there is an interesting Court of Appeal judgment. In Al Rawi and others *v.* Security Service, the judge said:

> "Quite apart from the fact that the issue is one of principle, it is a melancholy truth that a procedure or approach which is sanctioned by a court expressly on the basis that it is applicable only in exceptional circumstances nonetheless often becomes common practice."

That is exactly what we fear here.

We also think the amendment could lead to a general increase in the risk to the timetable for the review. That is important because the boundaries we used at the last general election in England were based on electoral registration data that were a decade out of date. If we do not complete the boundary review before the next general election, we will be fighting it on electoral data that are 15 years out of date, which is clearly unacceptable for those who argue that we should be using up-to-date data. We think that the terms in this Lords amendment, such as "exceptionally compelling", "viable" and "necessary", are very subjective and would require the boundary commissions to apply new tests that they have not applied before. Because they are subjective, and also because there will be arguments between the four commissions in terms of consistency, we think they will provoke an increased number of applications for judicial review.

That incentive could diminish if, and when, the first judicial reviews are not upheld, but even though successful judicial reviews are unlikely, applications for permission would have to be dealt with, which would impact on the resources of the boundary commissions and, potentially, make it impossible to achieve what is already a challenging timetable of completing the boundary review by October 2013.

We also think that the case for the additional 2.5% either way has simply not been made. Increasing the band of tolerance in one constituency will mean there is less room to account for local circumstances in others. Therefore, the commissions would be asked in effect to trade off the rights of different communities both close to and far from each other. We think the Government's consistent band is much more sensible. The variation in this rule also has no objective rationale, because it does not solve any real-world problems. All the specific problems that have been advanced—such as the arguments put forward for Cornwall and for Argyll and Bute—are outside that range, so this amendment would not solve any real-world problems, but would bring with it a lot of significant potential problems.

Mark Reckless (Rochester and Strood) (Con): I understand why it is thought that the move to the 5% limit is required—to stop the boundary commissions going off-piste and having very different constituencies—but does the Minister agree that in many areas of the country the 5% will give greater flexibility for local ties than is currently the case, because we will be removing the requirement to try to get even closer to equality? Can the Minister also explain why once a boundary commission has satisfied the 5% requirement, he is not asking it to try to get closer to equality where possible?

Mr Harper: This measure gives boundary commissions the range to be able to take account of issues such as local ties, but it also sets the quota. Boundary commissions should aim at the quota, but we want them to have a range so that they can take account of those local ties. I think my hon. Friend is trying to tempt me into suggesting a much tighter limit and a more aggressive move towards equality, but the Government think it is right to take account of some of those local matters, but there should also be a limit so that we end up with more equal constituencies.

Mark Reckless: But surely under the new arrangements we will not be requiring the boundary commissions to aim at equality. We will be requiring them only to get within plus or minus 5%, and once they have done that they will be able to give complete consideration to local ties without worrying about getting closer to equality.

Mr Harper: The boundary commissions will have to draw up a scheme of constituencies and they will have examine the entire country. In some constituencies there may not be much need to vary from the quota, perhaps because there may not be many ties to take account of. However, there will be such a need in other areas, which is why this proposal to allow a much wider band would be very damaging. If they allow more flexibility in some areas, it will be taken away from others. That is why we want a consistent rule across the United Kingdom.

Thomas Docherty: I wish to clarify something that I have been asked about several times. Have the Government given any guidance to the boundary commission as to whether it will work from south to north across the country or from north to south? The direction will have a significant impact on the shaping of the constituencies, so I genuinely ask the question.

Mr Harper: I do not know what the hon. Gentleman means by "country", because of course there are four boundary commissions.

Thomas Docherty: In each one.

Mr Harper: In Scotland, Wales and Northern Ireland there will be one scheme for the whole area. We have suggested in the Bill that the Boundary Commission for England does this by region. The regional boundaries are not absolute and it is able to propose constituencies that cross those boundaries, but given the size of England it seemed sensible to give the Boundary Commission at least a starting point from which to work. The rules that will apply are in the Bill and it would not be appropriate for the Government to try to influence how it conducts the review. If the Government were to do so, the hon. Gentleman would be one of the first to object.

Thomas Docherty: I am grateful for that clarification. Has the Minister had any discussions about whether the Boundary Commission for Scotland is minded to start this from the English-Scottish border and work north? Alternatively, having exempted the highlands and islands—I will not repeat the argument about that—will it work southwards? The direction will significantly affect the shape of these new constituencies.

Mr Harper: The hon. Gentleman was asking two questions. On the first, I have not had those discussions with the boundary commissions and I do not think it would be appropriate to do so. On the second, I am not sure that the direction would make the difference that he suggests, but he should put his question to the boundary commissions, rather than the Government.

Mr Mark Field (Cities of London and Westminster) (Con): Could the Minister clarify the precise situation, because this is slightly confusing? Surely if England is to be divided into regions, each of those regions would have to contain a set number of seats, given that a particular day would be pinpointed. The notion that a particular constituency could cross a regional boundary must be nonsense. We have to work on the basis of a particular region having a certain number of seats, for example, 35 or 45. Any decision taken at the 11th hour for a constituency to cross a regional boundary would have a huge knock-on effect on all the other seats within that region.

Mr Harper: No, the process for allocating the fixed number of seats in the Bill is by country. So the 600 seats will be allocated between England, Scotland, Wales and Northern Ireland by the fair and impartial process set out in the Bill, which is generally accepted to be the best one for doing these types of divisions. The boundary commissions wanted guidance in the Bill about how to divide up England so that they did not have to do it all in one go. So they will use regions as a starting point, but nothing constrains their ability to cross regional boundaries if they think that that makes sense, taking into account the factors that they are able to consider. The regional boundaries and the allocation of seats to regions are not hard and fast things set out in the Bill.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP) *rose—*

Christopher Pincher (Tamworth) (Con) *rose—*

Andrew George *rose—*

Mr Harper: I have a dazzling range of talent to choose from, but I have not heard yet from the hon. Member for Na h-Eileanan an Iar (Mr MacNeil).

Mr MacNeil: Have the Government done any theoretical mock-ups of how the arrangements might look starting from the south, starting from the north or using any regional basis? Have they worked out how the pieces might fall at the end of the day?

Mr Harper: No, we have not. That is not a matter for the Government; it is a job for the boundary commissions and it is not appropriate for the Government to do it.

6.15 pm

Christopher Pincher: The Minister has mentioned that the Boundary Commission for England will operate using English regions. Does that mean that it will start by clustering together English counties and then work to refine the boundaries within those counties, or will this be done specifically at regional level?

Mr Harper: I can understand why hon. Members are asking me these questions, but these are matters for the boundary commissions. One of the things that we made very clear in the debate when we were being accused of gerrymandering by the Labour party was that in our system the boundary commissions draw the lines, whereas in some other countries those lines are drawn by political parties in legislatures. We have set the guidelines for the boundary commissions and the rules are in the Bill, which we hope will be passed by Parliament and thus enacted. The detail of how the boundary commissions go about that work is a matter for them and they are experienced in doing such work. When they have these public hearings, having published their proposals, they will set out the nature of the scheme under which they are going to listen to people, and they will be very clear about how they have reached their decisions. These are matters for the boundary commissions. I can understand why my hon. Friend is trying to tempt me on this, but it would be wrong for Ministers to try to get involved in directing the boundary commissions on how they carry out their work.

Mr Mark Field: Does my hon. Friend not appreciate the concern that when we are discussing whether there should be any variance, be it of 5% or 7.5%, it is important to know how the process operates? If the entire United Kingdom—its 650 seats—were to be considered at once, there would be almost no need for any variance. If things are considered on the basis of smaller clusters, one can see the relevance of having that sort of variance, particularly if there is also a desire to avoid crossing ward boundaries. We do need to have an understanding of the process. If we do not have at least a basic understanding of how it will operate, it will be difficult for us to make any value judgment as to where the variance should lie, which is the subject of amendment 19.

Mr Harper: I do not agree with my hon. Friend's analysis that if we were conducting a single review across the whole United Kingdom, we would not need the plus or minus 5% flexibility at all. We would still need it. At the extreme, we could say that every constituency had to be exactly the same size. We would then end up with a map with lots of straight lines on it, but I do not think anybody would think that that was satisfactory. We therefore set a plus or minus 5% variance, so that the boundary commissions can get seats pretty close to that quota, in order for votes to be of equal weight, but they can also take properly into account the things that hon. Members and those outside this place think they should be able to consider. I do not believe that he was in for the earlier debate, but he will know that the former Member for his constituency had an amendment in the other place proposing that the boundaries of the City of London can be explicitly examined, and I hope that he will welcome that. These are matters for the boundary commissions and we should not be prescriptive about how they carry out their work.

Andrew George: Given the nature of some of the questions that the Minister has been asked in the past few minutes, does he agree that perhaps there should be an opportunity to review the wisdom of going ahead on the basis that he is describing? Clearly many hon. Members are not fully aware that this inflexible, sanitised and homogenised approach will result in lines being drawn through constituencies where sitting Members believed that there would be no significant change to the boundaries. That will be happening across the board as a result of the very changes that he proposes.

Mr Harper: I recall distinctly that we had this debate in the House in the first place. The boundary commissions set out clearly in evidence to the Political and Constitutional Reform Committee that the reduction to 600 Members and the clearer hierarchy of rules would mean that there would be significant change across the country, except of course for the hon. Member for Na h-Eileanan an Iar and one other Member, whose constituency boundaries will remain the same. Members were very clear about that at the beginning, so I do not think that that is a new piece of information.

Arguments have also been advanced that this extra bit of discretion would mean that parliamentary constituency boundaries would not need to cross county boundaries where the area is a little bit over or under the 10% band of tolerance, but the Government do not consider constituencies that cross local authority boundaries to be a problem in principle—certainly not for electors, who should be the focus of our concern. The 7.5% discretion rule would not solve the problem: it would just move the line somewhere else.

The Government's proposal of allowing 5% on either side of the UK electoral quota has a clear rationale: it is the closest we can get to having fair and equally weighted votes for electors while still allowing local factors to be taken into account, using wards as the building blocks in most cases. We think that is the right judgment in principle and in practice. Our reasons for disagreeing with the amendments do not detract from the usefulness of this debate, which has been valuable, but we think that the principle of one vote, one value and having more equal-sized constituencies is right. The amendments compromise that principle and would cause practical problems for the review. That is why we oppose them.

Sadiq Khan (Tooting) (Lab): First, I point out that the Government decided that one hour should be set aside to discuss these amendments and that the Minister has taken up almost two thirds of that time. I do not criticise him, because he took many interventions, but it is a bit rich for him to accuse the House of Lords of filibustering. He should bear that in mind when we are considering constitutional Bills of this nature.

The amendments were moved by a Cross Bencher, Lord Pannick of Radlett, in the House of Lords, which is a revising Chamber, when he demolished the points that the Minister has raised this afternoon. The House needs to consider whether we are setting a precedent for how constitutional matters are taken forward—ignoring revisions made in the Lords that were moved by an expert Cross Bencher. I fear that the Minister has fallen into the trap of praying in aid the Lords, particularly Cross Benchers, when they agree with his points, but finding excuses for disagreeing with them when they disagree with him, let alone when they overturn a Commons decision by a considerable majority. For the avoidance of doubt, let me reiterate what my hon. Friend the Member for Rhondda (Chris Bryant) and I said on a number of occasions as the Bill went through the Commons, which was repeated by Opposition spokespeople in the other place: we agree with the principle of creating more equal-sized constituencies, but we have practical concerns about the way that the Bill seeks to pursue that reasonable objective.

Lord Pannick's amendment would inject some common sense into the rigid mathematical formula in the Bill for redrawing boundaries. I remind the House that the original Bill proposed that there should be flexibility in the size of constituencies of 5% either side of the electoral quota or norm, so that constituencies could vary between 95% and 105% of the electoral quota. The Bill also accepts that there should be exceptions for Northern Ireland, for Orkney and Shetland and for the Western Isles.

Sheryll Murray (South East Cornwall) (Con): Does the right hon. Gentleman share my disappointment and that of my constituents that the Deputy Prime Minister has sought to make special cases for the Western Isles and the Isle of Wight but has ignored Cornwall completely? Does he agree that the 7.5% differential is the best and last chance that the people of Cornwall will have to protect their historic boundary?

Sadiq Khan: I agree with every word the hon. Lady has said. She has sat through many debates in the past few months without having the chance to speak in them. It is interesting that we are lectured regularly by the Deputy Prime Minister about principles but that he is willing to throw them in the bin when it suits his party political purpose.

In addition to the exception for the Western Isles and others, the Government are making a further exception for the Isle of Wight, so there will now be two seats with 55,000 voters—so much for one vote, one value. The Government have put aside their concerns about the knock-on consequences and about equality of seats where it suits them, so equality is not the only value or issue being considered. It is obvious that there have to be exceptions on equality for the Bill to be workable in practice.

Lord Pannick's amendment 19, which was passed by a fair majority in the other House, represents a compromise. To give the amendment the justice it deserves, it is not just the average between the positions of the Government and the Opposition, but a genuine refinement of the measure. To paraphrase, it is fair, reasonable and workable. Having constituencies that can vary in size, in exceptional circumstances, between 92.5% and 107.5% of the norm allows sufficient flexibility to satisfy the concerns of many who think that the Government's approach way too rigid. When a Bill of this constitutional significance has not had proper pre-legislative scrutiny, it is incumbent on the Government to pause and consider the criticisms made by all-party Select Committees of the Commons and the Lords.

The amendment was moved in the other place by one of the country's leading lawyers. If we ignore it, that raises questions about the purpose of having Cross-Bench experts in the other place. It was passed by a significant

[Sadiq Khan]

majority, but the Government, rather than seeking to accommodate it, are trying to overturn it in the Commons by taking advantage of their huge majority. The amendment was passed by a significant majority in the Lords after 60 new Government peers had been placed there. That speaks volumes about the merits of the arguments behind it.

Reliance on a rigid mathematical formula could result in problems in parts of the country where there is a risk that unique geographical and historical circumstances will be disturbed and that the local legitimacy of constituencies will be undermined. That is not just our opinion; it is shared in many quarters.

Alec Shelbrooke: Will the right hon. Gentleman give way?

Sadiq Khan: I want to make some progress.

Democratic Audit, a think-tank attached to the university of Liverpool, has argued that greater flexibility is needed in the system for a number of reasons. It would lead to far fewer county boundaries being crossed, a reduction in the number of wards being split, a lower chance of towns and villages being divided between constituencies and better community cohesion. Let me throw into the mix that such flexibility would also mean that the clarion calls from Cornwall for the preservation of parliamentary representation west of the Tamar would be satisfied—no doubt to the relief of those Members who represent the fiercely proud people of that part of the south-west.

I emphasise that the amendment is not partisan, so it ought to find favour on both sides of the House.

Andrew George: Will the right hon. Gentleman give way?

Sadiq Khan: I want to finish my contribution so that others can speak.

The wording in Lord Pannick's amendment is designed to prevent exceptional circumstances from simply becoming the norm—a concern that the Minister has articulated—and the Opposition do not question Lord Pannick's legal judgment. His amendment is deliberately drafted to allow the boundary commissions very narrow discretion to depart from the electoral norm by up to another 2.5% either way. They could do that only if they believed that two criteria were satisfied. First, further departure would have to be "necessary"—not reasonable or desirable, but necessary. Secondly, the departure would have to be necessary in order to address "special geographical considerations" or local ties of an "exceptionally compelling nature".

Lord Pannick has already forcefully demolished the arguments that the Minister put forward in his lengthy contribution today. It is worth reminding the House that before Lord Pannick drafted the amendment, he met the Leader of the House of Lords, the Government spokesman on these matters Lord Wallace of Tankerness, the Minister himself, and the Bill team. He then sought to address constructively in his amendment the concerns they had raised with him. I urge Members on both sides of the House to recognise the inherent sense of realism that the amendment brings to the Bill and I hope that they will see fit to support it in the Division Lobby.

6.30 pm

Andrew George: I wish to make a few brief remarks on this most inflexible and rigid part of the Bill. The amendments would move things in the right direction by giving the boundary commissions greater latitude and flexibility than they would have had under the original Bill. In my view, that is a result of the intransigence of the Prime Minister, rather than the Deputy Prime Minister, in insisting that we adopt a situation in which there are just 600 MPs. A more flexible approach would have been to say that there should be no more than 600 and to allow the Boundary Commission the latitude and flexibility to interpret that alongside a clear instruction to work towards more equalised constituencies.

The Government have won that argument, and certainly the current range in electorate sizes across constituencies is intolerable and more effort must be made to achieve greater equality across constituencies. However, to do so in the sanitised, homogenised, rigid, inflexible and intransigent way that the Government propose is not the solution, because that will continue to create a wide range of significant anomalies across the country.

Given some of the interventions that we have heard, particularly from Government Members, it will be interesting to note how the work of the Boundary Commission will dawn on those Members as it does its work. They might believe that the whole town they represent, or the whole part of a shire county, for example, which they feel comfortable with, will not be changed, other than a little nibbling away at the boundaries, which they can tolerate. However, the Government's approach will mean that we will end up with lines being drawn straight through those constituencies, and the associations that have been established over years between Members of Parliament and their towns will be divided as a result.

I do not know how it will all pan out. As we have heard, although there will be guidance for the Boundary Commission to work within what I call the Government zones, but which others have described as regional boundaries, there is no absolute requirement for it to do so.

Mr Mark Field: Surely the hon. Gentleman must realise that every major boundary review, including those that took place before the 1983, 1997 and 2010 elections, resulted in more than half of all constituencies changing, often substantially. That is the nature of any boundary review.

Andrew George: My hon. Friend is absolutely right, but I think that the inflexibility of the proposals will result in much more significant changes across the country. Having argued that we should have far fewer MPs than even proposed in the Bill, I am not averse to the idea of significant changes being made at one time to the process by which MPs are elected, but I do not think that it should happen every five years, irrespective of what has happened before. That will happen across the country every five years, and as a result of these proposals the changes will be very significant indeed.

All I am asking is that the Government take a less intransigent and more flexible approach—the 7.5% figure is a reasonable extension, frankly. In order to be able to address many of the anomalies, from Argyll and Bute

to the Cornish seats and the highlands, the Boundary Commission will need to be given a great deal more latitude than the amendment proposes, as the Minister has rightly said. We had the opportunity to extend the exceptional geographical circumstances of the Western Isles—

Mr MacNeil: Na h-Eileanan an Iar.

Andrew George: Na h-Eileanan an Iar, and Orkney and Shetland. When one considers the geographic arguments for those constituencies' exceptional status, one sees that it is reasonable to argue that exceptional geographical status can be justifiably extended to other constituencies.

Mr MacNeil: The hon. Gentleman will know that I am a supporter of Cornwall in that argument, and of Isle of Wight and Argyll and Bute. Following an earlier question to the Minister, I have a question for the hon. Gentleman. Given the geographical constraints on his constituency in the south-west, from where the Boundary Commission will obviously have to start moving, how much more territory will have to come into his constituency? He is restricted to the north, south and west and so can expand only eastwards to increase his electorate to roughly 80,000.

Andrew George: I am not engaged in special pleading. My constituency is in the bottom left-hand corner and as far away from England as one can get in Cornwall, and of course it includes the Isles of Scilly, which have some special geographical considerations, so it is clear that I do not need to worry. There will no doubt be some oscillation of the constituency's eastern boundary. I am here not for special pleading, but because I believe that a significant injustice is going on across the whole country and that the intransigence in the way it is being handled is simply unacceptable.

Mrs Laing: Will the hon. Gentleman give way?

Andrew George: I will not give way, because we have only 11 minutes left and I want to finish to allow other Members to speak. We had the option of extending to other constituencies the exceptional geographical status that is applied to Na h-Eileanan an Iar, Orkney and Shetland and the other places that have been mentioned. All the amendment would do is give the Boundary Commission reasonable latitude and discretion to accept the arguments for exceptional status that will inevitably arise. Otherwise, the Government's intransigence will leave a legacy that I believe the House will regret.

Paul Murphy: I do not understand why the Government and the Minister are being so rigid and fundamentalist on this issue. The Minister has already accepted the principle that there can be 5% leeway in the size of the electorate and that that flexibility is the result of local ties and circumstances. Many of us wanted a flexibility of 10%, but the Government wanted 5%. After weeks of debate in the House of Lords and in this Chamber, he is for some reason sticking to the rigidity of 5%, despite knowing full well that the 7.5% flexibility would not result in the problems that he has suggested. Of course it would not, because the principles are exactly the same.

The Minister represents a constituency that has distinctive circumstances as a result of its locality—the former coal-mining area of Forest of Dean. If it was turned into Gloucestershire parliamentary district No. 3, does he think that that is how his constituents would want to be represented in the House of Commons? Of course they would not. They would want to ensure that they have someone who understands their locality and all the special reasons that make it so important. I have already named two examples from Wales, as we have a number of Welsh-speaking constituencies that, generally speaking, have Welsh-speaking MPs to represent their linguistic interests in the House. With the 25% reduction in MPs for Wales, that is no longer likely to be the case.

Tristram Hunt: Does that not point to a lack of understanding about the nature of the Union? Those balances and inequalities are represented in this Chamber, because that is the price of holding together the Union, and the Government's utilitarian approach does no favours to the United Kingdom.

Paul Murphy: My hon. Friend is absolutely right, in the sense that the unity of our kingdom is based on the recognition of the differences within it. Those differences can be reflected linguistically, culturally, socially and in other ways. The rigidity with which the Government have embarked on this course puts that Union in danger.

Mr Harper: I set out from the Government's perspective the reason why we settled on plus or minus 5%—a 10% range that is based on more equal seats but allows the use of wards as building blocks. Can the right hon. Gentleman explain to the House the principled reason why he thinks that 7.5% either side of that quota is the right number?

Paul Murphy: That extra flexibility allows for the factor that I have just described in Wales and elsewhere to be taken into account—of course it does. I should argue very strongly for 10%, but the Government have a particular principle behind their legislation, which incidentally is based not in any way on logic, but on expediency.

Mrs Laing: The right hon. Gentleman is doing very well, as ever, at putting before the House what appears to be an argument based on principle, but in reality are not he and his Labour party colleagues afraid of the inflexibility of a 5% variation, because it would take away their in-built advantage under the current unfair system?

Paul Murphy: In the examples that I have just given, of Welsh-speaking constituencies in Wales, the seats are held mainly by Plaid Cymru and the Liberal Democrat party, so there is no advantage for the Labour party in that. I am not arguing a partisan point; I am arguing that 7.5% would provide for that flexibility throughout the United Kingdom and avoid the worst excesses of the Bill.

Mr MacNeil: A couple of moments ago, the right hon. Gentleman said that the Union might become weaker with the passage of the Bill. How much weaker does he think that 88-year-old Union—stretching back to 1922—might be after Royal Assent tomorrow?

Paul Murphy: The Union will be weaker as a result, because the Bill will not take into account the various points that I have just described. If we do not allow the small countries within our larger country to be properly represented within the Chambers of the legislature, we will ensure a bad effect on the relations between different parts of that country.

As a former Secretary of State for Northern Ireland, I really do not believe, as my hon. Friend the Member for Foyle (Mark Durkan) said, that the Government have thought for one second about the political impact of the changes before us on the constituency boundaries in Northern Ireland. They do not understand that, when we drew up the Good Friday agreement, much of our argument was about how we could create a sensitive balance between Catholic and Protestant, Unionist and nationalist in Northern Ireland. That balance will be upset by the rigidity on which the Government have embarked, and at this very last moment I urge the Minister and the Government to change their minds.

Alec Shelbrooke: My problem with Lords amendment 19 is new paragraph 5A(b) of schedule 2 to the Parliamentary Constituencies Act 1986, which states that

"such necessity arises from special geographical considerations or local ties".

I want to focus on "local ties", because that is why I shall vote against the amendment. It is bad law, and, looking at "local ties" and how that might be expanded, we should consider my seat, Elmet and Rothwell.

First, let us focus on Rothwell, which between 1917 and 1955 had its own parliamentary constituency. After that, it was included in others, and at the most recent election it fell outside a safe Labour seat for the first time, making me the first Conservative MP for Rothwell.

Moving on to special interests and local ties of an "exceptionally compelling nature", however, I note that outside my constituency there is a village called Sherburn in Elmet. Many people in that part of the world, when I tell them that I am the MP for Elmet and Rothwell, say, "Ah, I live in Sherburn in Elmet; you're my MP," but of course, I am not, because it is not in my constituency.

Nigel Adams (Selby and Ainsty) (Con): My hon. Friend and constituency neighbour refers to Sherburn in Elmet. I assure him that the people of Sherburn in Elmet consider themselves very much in North Yorkshire and would be appalled at the idea of being seen as part of Leeds.

Alec Shelbrooke: Absolutely. That makes my point entirely. When considering special circumstances and local ties, would not Sherburn in Elmet, part of the Celtic kingdom of Elmet, become part of a constituency incorporating Elmet? Would that not come under special interests and considerations? Would not precedent be brought forward in the courts in terms of representing that seat? The amendment is absolute nonsense which leads to grey areas in the Bill.

I want to talk about the 5% barrier. In the Leeds area, Elmet and Rothwell has 78,000 electors, and perhaps this point did not occur to the Opposition when they put their proposal together, but their variations on 76,000, the figure in the Bill, take us perilously close to the 68,000 electors in Leeds North East, a Labour seat; to the 65,000 electors in Leeds East, also held by Labour; and to the 65,000 electors in Leeds Central—Labour. The only exceptions are Morley and Outwood, which has 74,000 electors, although I believe the right hon. Member for Morley and Outwood (Ed Balls) would need only a 1.5% swing to lose the seat; and Pudsey, which has 69,000 electors. The 5% barrier is fine; it allows us not to go down the path of dividing villages or streets. The idea of trying to increase the percentage is just an attempt to preserve the Labour party's in-built advantage.

Mrs Laing: The amendment cannot stand: first, it is unclear, and it would be wrong for this House to make laws that are unclear; and secondly, it is unfair.

6.47 pm

Two hours having elapsed since the commencement of proceedings on consideration of Lords amendments, the debate was interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83F), That this House disagrees with Lords amendment 16.

The House divided: Ayes 317, Noes 250.

Division No. 202] **[6.47 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie

Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
James Duddridge and Norman Lamb

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Coaker, Vernon
Coffey, Ann
Connarty, Michael

Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Eustice, George
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gardiner, Barry
George, Andrew
Gilbert, Stephen
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Kennedy, rh Mr Charles
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Murray, Sheryll
Nash, Pamela
Newton, Sarah
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Rogerson, Dan
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Mr David Hamilton and Lilian Greenwood

Question accordingly agreed to.

Lords amendment 16 disagreed to.

The Deputy Speaker then put forthwith the Question necessary for the disposal of the business to be concluded at that time (Standing Order No. 83F).

Motion made, and Question put, That this House disagrees with Lords amendment 19.—*(Mr Harper.)*

The House divided: Ayes 320, Noes 249.

Division No. 203] **[7.1 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan

Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Miss Chloe Smith and
Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham

Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Eustice, George
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gardiner, Barry
George, Andrew
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kendall, Liz
Kennedy, rh Mr Charles
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Murray, Sheryll
Nash, Pamela
Newton, Sarah
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robinson, Mr Geoffrey
Rogerson, Dan
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Mr David Hamilton and Lilian Greenwood

Question accordingly agreed to.
Lords amendment 19 disagreed to.

7.15 pm

Mr Harper: I beg to move, That this House disagrees with Lords amendment 17.

Madam Deputy Speaker (Dawn Primarolo): With this it will be convenient to take Lords amendment 20 and Government amendments (a) to (e) in lieu.

Mr Harper: The amendments concern the effect on the Isle of Wight of the Government's proposals for votes to have more equal weight, which has been a subject of much debate both inside and outside Parliament. I know that myself, having visited the Isle of Wight at

the invitation of its Member of Parliament, my hon. Friend the Member for Isle of Wight (Mr Turner), last autumn.

As we said in the earlier debates, the Government believe that the principle of one elector, one vote—or, rather, one vote, one value—is paramount. *[Interruption.]* I think we all agree with the first proposition. There is consensus on that. It is right that electors across the UK should have an equal say not just in their choice of local representative, but in who form the Government of the day. As I said in the previous debate, for votes to have equal weight in a single-member constituency system, constituencies must contain a broadly equal number of electors.

Although absolute equality would be right in principle if—as was said in a previous debate—we were all desiccated calculating machines, in the real world some flexibility is needed to recognise local circumstances. Exceptions compromise equality, so the Government's view is that the number of exceptions must be very limited. *[Interruption.]* Calm down. The Bill presented to the House by the Government provided for only two specific exemptions from the parity rule for two Scottish island constituencies —Na h-Eileanan an Iar and Orkney and Shetland. The rationale for those exceptions was clear. They are remote island groups not readily combinable with the mainland, and legislation in practice already recognises their unique geographical circumstances.

Thomas Docherty: I am grateful to the Minister, who is always generous with his—with the House's time. He mentioned the issue of the highlands. Is he not aware that in Scotland there are many islands? I look to the hon. Member for Argyll and Bute (Mr Reid); where there are a large number of islands attached to the mainland. North Ayrshire and Arran also has an island.

Mr Harper: My point was that the exemptions were for remote island groups not readily combinable with the mainland. In the two examples that the hon. Gentleman gives, the islands are already combined with the mainland as a parliamentary constituency. That is a clear distinction. I do not understand the point he makes.

Albert Owen: I represent a distinct island community. Previously, when I supported the Isle of Wight and other constituencies being lumped together, the argument was that it did not have enough electorate. Now the Government's proposal is for two distinct seats on the Isle of Wight, with 50,000 electors each. My constituency, Ynys Môn, the isle of Anglesey, has 50,000-plus, so the rationale has changed. Will the Minister reconsider the uniqueness of islands? The existence of a bridge does not make it any less an island or a community.

Mr Harper: The hon. Gentleman should wait to hear my argument. In the previous debate, Opposition Members made great play of the fact that when the House of Lords votes on matters, this House should consider them. The Government were clear about the Bill that we introduced. We were clear in the House of Lords about our argument. We resisted Lord Fowler's amendment, but Members of all parties in the House of Lords did not agree with the Government. If hon. Members will allow me to make some progress in my argument, I will explain why the Government have tabled the amendments in lieu.

The Scotland Act 1998 provided a specific exemption for Orkney and Shetland. There are other constituencies that include or comprise islands, but these have either already been combined with the mainland or, in the Government's view, such combination would be possible. Clearly, the Isle of Wight does not face the same geographic circumstances as the island constituencies in Scotland. Newport is only three hours from London, and there are regular ferry crossings. In shaping our proposals, we took account of the fact that the island increasingly looks to the mainland in pursuit of greater partnership—for example, in the creation of the Solent local enterprise partnership, which is supported by the island council and covers the economic area of south Hampshire and the Isle of Wight. *[Interruption.]* Well, I am arguing that that is why the Government thought it was perfectly possible to combine the Isle of Wight with the mainland. The House of Lords, though, took a different view.

In coming to the view that the island should not be granted a specific exemption, we concluded that the practical problems that would arise for an MP attempting to represent a constituency that is already the length of Wales, as in the case of Na h-Eileanan an Iar, or some 12 to 13 hours from the mainland by ferry, as in the case of Orkney and Shetland, would not arise for a cross-Solent MP. We were not persuaded that an MP could not effectively represent two different communities, as a cross-Solent MP would have to do. Many Members represent constituencies that contain citizens with a range of diverse cultures, languages and interests.

We have, however, listened to the arguments put forcefully in this House by my hon. Friend the Member for Isle of Wight and in the other place, most notably by Lord Fowler, who is with us this evening in spirit, and Lord Oakeshott. We judge that the strength of opinion evidenced by the vote on the amendment in the other place, which had cross-party support, including strong support from the Labour party, is such that the Bill should be amended so as not to require a constituency shared between the Isle of Wight and the mainland.

The amendment passed by the House of Lords was intended to achieve that, but it would leave to the discretion of the Boundary Commission for England the question of whether there should be one seat on the island or two. We believe that that poses some practical problems. For a start, the amendment does not specify the basis on which the Boundary Commission should decide how many seats to allocate the Isle of Wight. Nor does it except the constituency or constituencies on the Isle of Wight from the calculation of the electoral quota. The Isle of Wight's smaller or larger than average constituencies would therefore have an effect on the average size of other constituencies across England. If an exception is to be made for the Isle of Wight, we believe that it should be treated the same as the other exceptions in the Bill in a consistent and fair way.

Dr Alan Whitehead (Southampton, Test) (Lab): Does the Minister accept that the Boundary Commission has considered the boundaries of the Isle of Wight on a number of occasions, and has previously discussed whether there should be two constituencies? It has rejected that option on the grounds that it would be difficult to

[Dr Alan Whitehead]

define where the boundary should be and what the islanders' wishes were. If the Boundary Commission had discretion over exactly what happened, there might be a repeat of those previous processes unless it were directed to conclude otherwise.

Mr Harper: On the hon. Gentleman's point about the views of local people, when I visited the island myself and spoke to people there, they were very clear that they were not being prescriptive about whether they wanted one seat or two. The clear message that I got was that they did not want one that crossed the Solent. They did not say that they wanted only one seat—they were relaxed about whether they should have one or two. I believe that the nub of Lord Fowler's point was about the nature of a cross-Solent seat, and our amendments in lieu reflect that.

Andrew George: There are, of course, other parts of the country, including Cornwall, where people recognise boundaries in precisely the same way as people on the Isle of Wight recognise their boundary on the Solent. Is the irony not lost on the Minister that when we have 650 seats in the House of Commons the Isle of Wight has one, but when the Government are seeking to reduce the number of seats in this House significantly, they double that representation?

Mr Harper: If the hon. Gentleman will let me finish my argument, which does not have very much—*[Interruption.]* No, I am just saying that I have not got to that bit yet. If he will let me, I will get to it.

The amendments that we have proposed in lieu of Lord Fowler's amendments would resolve the problems that I have mentioned. The Boundary Commission would be required to create two constituencies wholly on the island. They would obviously be outside the range of 5% either side of the quota—otherwise we would not be having this debate in the first place—but each would be closer to the quota than a single island constituency would be. That would ensure that electors' votes were closer in weight to those cast elsewhere in the UK, which we believe is important.

Our amendments also make consequential adjustments to the formula used to apportion seats to the constituent parts of the UK and to calculate the UK electoral quota, so as to be consistent with the approach taken to the other exceptions in the Bill. To pick up on a point made by my hon. Friend the Member for Epping Forest (Mrs Laing), who is not in her place, they will therefore provide the Boundary Commission for England with a clearer task than under the amendment made in the other place.

Tristram Hunt: What is the difference in actual votes between the 76,000 quota and Isle of Wight constituencies of 110,000 or 55,000 people? Would 3,500 votes mean another whole constituency in the House, when the number is going from 650 to 600?

Mr Harper: I am sadly not able to do the maths at the Dispatch Box, but we have examined the matter, and what I have just said is borne out. I will do the maths when I sit down, or maybe inspiration will strike me, but two seats would be closer to the quota than one. That is the basis for our decision, which is very clear *[Interruption.]* The debate in the House of Lords supporting the amendment of the—*[Interruption.]*

Madam Deputy Speaker (Dawn Primarolo): Order. I know that hon. Members feel very strongly about this matter, but persistent heckling really is not what we expect in the Chamber. Interventions, yes, but not heckling.

Mr Harper: The amendment that was accepted by their lordships' House, which we accept in principle, was supported by all parties. The Cross Benchers supported it, along with every Labour peer who voted in the Division, some Liberal Democrats and some bishops. However, we believe that the Boundary Commission needs to be given clarity and certainty so that we do not end up with a confusing and challengeable boundary review.

Mark Reckless: We might note the precedent of what the Boundary Commission has done in the past when it has had to choose whether to give, say, two or three seats to a London borough. Its decision has been based on trying to get as arithmetically close to the quota as possible. The amendment clarifies exactly that principle for the Isle of Wight. If the matter had been left to the Boundary Commission, precedent suggests that it would have given the Isle of Wight two seats rather than one.

Mr Harper: My hon. Friend is quite right, but it is important for the Boundary Commission to be certain about the matter at the beginning, so that it can then undertake the rest of the boundary process. If the decision were up to the commission and it were to make a certain assumption in its initial proposals, and then come to a different conclusion as a result of the extensive written consultation process and public hearings that we have laid in place, it would have to make a radical change to the proposals. As my hon. Friend the Member for Epping Forest, who is now back in her place, said in a previous debate, certainty and clarity are very important to ensure that the boundary review is carried out properly.

Jacob Rees-Mogg (North East Somerset) (Con): I support the amendments fully, but once the Isle of Wight has been given two seats, the argument for absolute uniformity has fallen, which it did not in the case of Na h-Eileanan an Iar, the Shetland Islands and so on. If the Isle of Wight can have special treatment, why not Cornwall and, as far as I am concerned, why not Somerset? Every county now has a special case to make that ought to be considered. In largely accepting the Lords amendment, the Government have given the game away.

7.30 pm

Mr Harper: I think that my hon. Friend helps my argument. As I said, this is part of the parliamentary process. The Government introduced a Bill, which did not include an exception for the Isle of Wight. When Lord Fowler tabled his amendment, the Government strongly resisted it—indeed, we were criticised for doing that—but the House of Lords took a different view. My hon. Friend mentioned Cornwall, but the House of Lords debated Cornwall, voted on it, and decided, by a considerable margin, that the case for Cornwall had not

been made. I appreciate that some hon. Members disagree, but that was the view that the House of Lords reached. It did not reach the same view about the Isle of Wight. There was a majority of 74 in the other place for making an exception for the Isle of Wight. That was not the Government's position, but a strong message from the other place.

Inspiration has now struck me, and I can answer the question that the hon. Member for Stoke-on-Trent Central (Tristram Hunt) asked. Based on 2009 figures, one seat would be 34,366 away from the UK quota and the two seats would be 20,748 away from the quota. That is a significant narrowing of the difference.

Jacob Rees-Mogg: Although the Lords are wonderful guardians of our constitution, the debate has seen any number of perfectly sensible amendments rejected, and the Government have not lost a single vote in the House. I therefore do not see the logic of saying, "We must give in to the Lords on this, but on everything else we'll tell them they're wrong and send the Bill back."

Mr Harper: I think the difference is the strength of view in the other place on the matter. *[Interruption.]* That view was also consistent and cross party. The Labour Lords who voted in the Division in the other place all supported Lord Fowler's amendment. It is therefore extraordinary that Labour Members are making so much noise now. The Government have acknowledged the debate at the other end of the corridor. Given my hon. Friend's previous comments about their lordships, I would have thought that he saw more strength in the case. On the basis of the arguments that I have set out, I hope that that case will be supported.

Chris Bryant: I am sorry, but I think that that was the shabbiest speech I have heard from a Conservative Member. The Parliamentary Secretary appeared to suggest that Labour Members are now arguing against what we supported in the House of Lords. We support what was carried in the House of Lords: we would prefer the amendment that was carried there to be accepted here. It is absolutely shoddy that the Government, to give themselves an extra parliamentary seat, will provide for two seats for the Isle of Wight. It is not so much a gerrymander as a ferrymander.

As the hon. Member for North East Somerset (Jacob Rees-Mogg) effectively said, the Parliamentary Secretary has driven a coach and horses through his own argument. His argument so far has been that there must be equalisation at all costs. It has been, "Don't recognise local ties, county boundaries or ward boundaries." He tries to insist on mathematical perfection, but when it comes to this one place, there must be an exception.

We agree that there should be exceptions. We believe that there should be some other exceptions, too. The argument that the Parliamentary Secretary makes could and should apply to Cornwall, Somerset and all the counties—and, indeed, ward boundaries. We should recognise more exceptions.

Dan Rogerson (North Cornwall) (LD): I wish that the hon. Gentleman could have presented that argument precisely and briefly when the Bill was previously in the House, then perhaps we could all have had the chance to debate the subject at an earlier stage. However, does he agree that the debate about Cornwall in another place focused on cultural issues rather than geographical considerations? Sadly, the Government's approach does not address those factors.

Chris Bryant: Absolutely. Some specific geographical issues need to be borne in mind. I am sure that the hon. Gentleman will hate any reference to my constituency, but a former Member of Parliament for the Rhondda, Alec Jones, was once presented with a suggestion that the Cynon valley should be included in the Rhondda constituency, even though for much of the year it is almost impossible to get from one to the other. Alec Jones wisely said, "Bloody hell, somebody's got hold of a flat map." Those are precisely the sort of arrangements that we will end up with.

Stephen Williams: Will the hon. Gentleman give way?

Chris Bryant: I will not, because the hon. Gentleman voted for the programme motion. There is a short time left and we ought to hear from the hon. Member for Isle of Wight (Mr Turner), who should be the only hon. Member for the Isle of Wight.

The argument that has been adduced in favour of the Isle of Wight should surely apply to Anglesey, too. There is no argument against that—except for the fact that it is represented by a Labour Member, and happens to be in Wales.

There is an additional problem with the Government amendments. Because they are trying to force two parliamentary seats on the Isle of Wight—I suspect that that does not reflect the view of the people of the Isle of Wight; they think that it should be separate from Hampshire, but they have not argued for two seats—it will be difficult to draw the boundary. We are more likely to end up with one constituency of 60,000 or 65,000 and one of 30,000 or 35,000 than an exact divide.

Mark Reckless: Will the hon. Gentleman give way?

Chris Bryant: No, I am sure that the hon. Gentleman, too, voted for the programme motion, so I shall not give way.

Someone of cynical mind could look at the list of parliamentary constituencies for which exceptions are being made and draw conclusions: one, by virtue of 13,000 sq km, to the Liberal Democrats, one, for Orkney and Shetland, to the Liberal Democrats, one, for Na h-Eileanan an Iar, to the nationalists—at the moment, but I hope for not much longer—and two for the Isle of Wight. Some have suggested that that means two Tory seats in the Isle of Wight. It may be one Tory and one Liberal Democrat: perhaps that is the rescue seat for the Deputy Prime Minister come the next general election.

Mr Andrew Turner (Isle of Wight) (Con): I had a speech prepared to deliver today, but I do not think that I shall need it; I am using another.

Let us go over what happened. When I first heard of the proposals, I got together with the *County Press*, the island's weekly paper, and Isle of Wight Radio, our local radio station, to see how "we" could fight "them". It was energising to do that. We all met representatives from the island's Labour party and Liberal Democrats—and, of course, the Conservatives—as well as the chamber of commerce, and the One Wight campaign was formed.

[Mr Andrew Turner]

We appointed a non-political spokesman, Richard Priest, who has done an admirable job of fronting the campaign.

Mr MacNeil: I would just like to point out that there was some international support from the SNP.

Mr Turner: That is correct, but I would not use the word "international".

Although opinion was divided on whether the ideal solution was for one or two MPs, we were united at the outset in the view that what was simply unacceptable was the notion of one and a half MPs, with one part of the island placed in an unholy alliance with a part of the mainland.

Eventually we all agreed that even if the island were to remain under-represented, that was a price worth paying. We got support from many places. Among many others, printing was done free of charge by Crossprint; Marc Morgan-Huws of the bus company Southern Vectis donated the use of the One Wight bus, which thousands of people signed, and Paul Bertie of World Leisure printed T-shirts for the campaigners. I would like to thank them all, as well as those whom I do not have time to mention. Everyone involved played a significant part.

My amendment was not debated in this Chamber and there was no vote, but I want to place on record my gratitude to the hon. Members from all parties who pledged their support for it. I like to think that we would have won if the opinion of the House had been tested. None the less, the Bill went to the other place unamended, and the island's cause was taken up by Lord Fowler, who is a long-term resident of Seaview, on the island. His skilful management in the other place led to a significant victory and a majority of 74 in favour of keeping the Isle of Wight separate. He found support from all parties, as I did, for the island's cause, in addition to considerable support from Cross Benchers.

I thank all the noble Lords and Ladies who supported the amendment, and I pay tribute to Lord Fowler. His many years of experience in this House and the other place stood him in good stead in fighting the island's cause. The whole island owes him a debt of gratitude. I hope that Seaview residents, after short congratulations and celebrations, will permit him to return to a once-again peaceful island.

The fact that islanders were prepared to be under-represented added to the strength of our argument, but the Government were scrupulously fair, and once they accepted the case that we should be separate, they offered us, like the Scottish islanders, over-representation, which I welcomed.

Tristram Hunt: In a perfect world, would the hon. Gentleman be in favour of a single Member or two Members for the Isle of Wight?

Mr Turner: I am in favour of whatever is voted for by the island.

I admit that I felt a twinge of sadness at the thought that I would be the last MP for the Isle of Wight, but the right decision has been made for the island and I support it unequivocally. I thank my hon. Friend the Minister for listening to the arguments and for making the right choice, albeit rather late in the day.

This is a victory for the island and the islanders. Everyone who supported us can be proud of the part that they played. I look forward to joining hon. Members of all parties in the Aye Lobby.

Albert Owen: It is a great pleasure to follow a fellow islander in this debate. I supported the Isle of Wight exception all the way through, and like the hon. Member for Isle of Wight (Mr Turner), I have been consistent in the view that there should be exemptions for unique island constituencies such as his and Ynys Môn—the Isle of Anglesey.

I have a lot of respect for the Minister, who has had a difficult job in presenting the Bill to the House. He has been courteous and amicable in taking interventions. He was rigid in his responses, and always said that he would not give an exemption to the Isle of Wight and gave his reasons for that. However, as the hon. Member for North East Somerset (Jacob Rees-Mogg) said, the Minister has now let the cat out of the bag: the exemption is a political fix, pure and simple. To argue for days and days in the House for no exemption for the Isle of Wight, Cornwall and other historic places, and then all of a sudden to make a U-turn for political advantage, is an absolute disgrace.

The people of Anglesey are proud people. It has been a seat since 1535, during which time it has been represented by four different parties, which is perhaps unique in the House. The Liberal Democrats represented Anglesey for many years, as did the Conservatives. I can tell the House that Anglesey will give its verdict in the May elections on its shabby treatment by this coalition Government of Liberals and Conservatives.

Wales has not been treated fairly in the Bill. The 25% reduction in the number of seats is an absolute disgrace. What is more, the Anglesey community is unique. It is coterminous with the county council. It has unique linguistic as well as historic characteristics, but they have not been recognised.

The hon. Member for Isle of Wight was supportive of islands such as mine, and I am still supportive of his, but the Government have gone a step too far by conceding seats that will represent in the region of 50,000 to 55,000 electors. If they want to put that down as a marker, they should reconsider seats such as Anglesey. The island will be a single constituency in National Assembly for Wales, so there will be confusion at the next elections if they take place on the same day. One set of voters will be voting for the island and another set will be voting for the island-plus. That is completely and utterly wrong, and the Minister should reflect on it. He is looking at his notes, and he has been courteous all the way through, but I hope that he can now somehow please Wales, because thus far, Wales has been treated grossly unfairly.

7.45 pm

Dr Whitehead: I want briefly to reflect the view from the other side of the Solent. I congratulate the hon. Member for Isle of Wight (Mr Turner), who has fought a magnificent campaign on the principle that the Isle of Wight should be a constituency in its own right. Indeed, the island is a unitary authority. It has close links with the other side of the Solent but it is a distinct community, council and island, with its own practices and traditions, rights and functions.

Before becoming a unitary authority the island was divided into two district authorities. As hon. Members who took any interest in that arrangement will know, the division of an island that is essentially a unitary entity proved extremely difficult. I predict that should two seats be required for the Isle of Wight, a similar difficulty in defining what part of the island goes—

7.46 pm

Three hours having elapsed since the commencement of proceedings on consideration of Lords amendments, the debate was interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83F). That this House disagrees with Lords amendment 17.

Lords amendment 17 disagreed to.

The Deputy Speaker then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83F).

Motion made, and Question put, That this House disagrees with Lords amendment 20.—*(Mr Harper.)*

The House divided: Ayes 311, Noes 244.

Division No. 204] **[7.47pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire

Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
James Duddridge and Norman Lamb

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gardiner, Barry
George, Andrew
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reid, Mr Alan
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robinson, Mr Geoffrey
Rogerson, Dan
Rotheram, Steve

Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Mr David Hamilton and Graham Jones

Question accordingly agreed to.

Lords amendment 20 disagreed to.

Amendments (a) to (e) proposed in lieu of Lords amendments 17 and 20.—(Mr Harper.)

Question put, That the amendments be made.

The House divided: Ayes 318, Noes 233.

Division No. 205] **[8 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James

Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
James Duddridge and Stephen Crabb

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gardiner, Barry
George, Andrew
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian

Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Mr David Hamilton and Graham Jones

Question accordingly agreed to.

Amendments (a) to (e) made in lieu of Lords amendments 17 and 20.

Clause 1

Referendum on the alternative vote system

Mr Harper: I beg to move, That this House disagrees with Lords amendment 1.

Mr Deputy Speaker (Mr Lindsay Hoyle): With this it will be convenient to consider amendment (a) and Lords amendment 8.

Mr Harper: The first amendment to be moved on Report in the other place by the noble Lord Rooker and agreed to by a majority of just one vote provides that:

"If less than 40% of the electorate vote in the referendum, the result shall not be binding."

The Government oppose the inclusion of this amendment in the Bill on two key grounds. First, it goes against our view that people should get what they vote for, and, secondly, it introduces the perverse consequences associated with thresholds.

Before going into those arguments, however, I should remind colleagues that we have debated the question of whether to impose a 40% turnout threshold before, when an amendment to this effect was tabled on Report by my hon. Friend the Member for Stone (Mr Cash). I note that he has tabled an amendment today that seeks to reintroduce his proposal from Report, turning Lord Rooker's proposal into a straightforward turnout threshold by mandating the Minister to repeal the AV provisions in the event that turnout is less than 40%. It is worth recording that, when this House voted on that proposal the first time round, it was resoundingly rejected by 549 votes to 31. On that occasion, the hon. Member for Rhondda (Chris Bryant), speaking for the Opposition, said that he did not think it appropriate to bring in a threshold.

Paul Farrelly (Newcastle-under-Lyme) (Lab): My next-door neighbour, the hon. Member for Stone (Mr Cash), is often very wise, and I have had the chance to reconsider my position on this matter. Possibly the Minister has, too. I realise that the Deputy Prime Minister—he who has just discovered that there are alarm clocks in Britain, and who feels the pain of the cuts by shopping at Sainsbury's instead of Ocado—is the most derided politician in the land at the moment, and that people are not exactly going to be galloping to his support, but is not a 40% threshold appropriate for a constitutional change such as this?

Mr Harper: I shall treat the first part of the hon. Gentleman's remarks as political posturing and nonsense that have nothing to do with the Lords amendments. On his second point, I shall explain why I will be urging the House, in a consistent way, to take the same view on these matters that it took in Committee and on Report, whereas the hon. Gentleman, if those on his Front Bench follow suit, would seem to be demonstrating a bit of shameless opportunism.

Mr Cash: Does the Minister not think that it might be a little shameless to leave the House of Lords to discuss questions relating to voting in constituencies by our own constituents?

Mr Harper: I am sorry; I did not quite understand my hon. Friend's point. We debated and voted on his proposal on thresholds in this House, and it was defeated by 549 votes to 31—*[Interruption.]* Well, my hon. Friend should have another go, because I did not really follow the point he was making.

Mr Cash: This is an electoral reform proposal in which we are asking the electorate to decide in a referendum what they want to do. Does he not think it a little shameless that the question of whether that decision should be subjected to the 40% test should be decided by the House of Lords rather than by the House of Commons? Perhaps my hon. Friend can answer if I put it that way.

8.15 pm

Mr Harper: No, I think that the decision should ultimately be made by the elected House, which is why I will ask hon. Members on both sides of the House to disagree with the Lords amendment. I hope, following the logic of my hon. Friend's argument, that he will support the Government in the Lobby.

Mr Stewart Jackson (Peterborough) (Con): Does the Minister acknowledge, as we are facing a considerable and potentially irreversible constitutional change, that a precedent has been set by the Scotland Act 1978, which made provision for a turnout threshold? That was among the reasons why the then Labour Government subsequently foundered, following the withdrawal of support by the Scottish National party. So a precedent has already been set for a turnout threshold.

Mr Harper: In that case, it was not proposed by the Government, so I do not think that that makes the case. There was a clear vote in Scotland in favour of the proposal, but the turnout threshold was not reached. That did not settle the question; it merely enabled the question to fester for a number of years without being settled. I do not think that my hon. Friend is correct.

Mr Christopher Chope (Christchurch) (Con): My hon. Friend says that he wants this matter to be decided by this House, but would not that be the effect of Lord Rooker's amendment? If there were a lower than 40% turnout in the referendum, it would be for this House to decide what to do. Is that not a good idea?

Mr Harper: No, because it is more important to allow the people to decide. The coalition wants to enable the public to decide. I will explain in a moment why the effect of a threshold would be to deny the public that opportunity.

Mr MacNeil: The Minister is absolutely right to say that the 40% turnout threshold for the referendum in Scotland was wrong. As he said, it ensured that the will of the people was not acted upon. In fact, the will of the people was acted upon with bells on 18 years later, because the scare stories in 1979 brought us a Scottish Parliament that was far more powerful than an Assembly. The point tonight is that in a referendum on first past the post versus AV, there is a simple choice either way. If the public are sufficiently supportive of first past the post, it will win in a straight run-off against AV—and vice versa. If neither system can garner sufficient support, then so be it, but the Minister is absolutely right to say that there should be no threshold whatever. There should simply be a straight choice between the two.

Mr Harper: The hon. Gentleman is right. One of the most convincing arguments was heard in our previous debates in this House, which is that a turnout threshold effectively makes every abstention a no vote. People abstain from voting in referendums for any number of reasons, but treating all those who abstain as effectively expressing a preference is not the right thing to do. A turnout threshold would give those in favour of a no vote a positive incentive to stay at home. As I said in our earlier debate, we should, as democrats, encourage people to go out there and vote yes or no. The important thing is that people take part, and a turnout threshold would encourage some of them to stay at home.

Such a barrier would also create some very strange mathematical scenarios. For example, if 39% of the electorate turned out, the result would not be binding, even if 75% of those votes were in favour of change. So, even if the public had expressed a clear preference, it would not count. On the other hand, a result in which 41% of the public had turned out, even if it were a narrow 51%:49% result, would count. There is no logic to that proposal; it makes no sense.

Mr Jack Straw (Blackburn) (Lab): This whole argument is against a motion that was not passed in the other place. It is against one that was defeated where there was a threshold that amounted to a veto on the result if the turnout were below that threshold. Does the Minister not accept that this Lords amendment is completely different in character? All it does—although it is a very important "all"—is to ensure that if there is a turnout of less than 40% in total, the matter will come back to this House. To pick up the Minister's example, if, say, there were a 39% turnout and 75% of that 39% had voted in favour of a change in the voting system, I cannot conceive that this House would fail to endorse it. On the other hand, if there were a 25% turnout and if it were approved by only—

Mr Deputy Speaker (Mr Lindsay Hoyle): In fairness, many Members want to contribute to the debate. Can we please come to the end of the question?

Mr Straw: In those other circumstances, the House would surely think again. Is that not a very sensible way of proceeding?

Mr Harper: No, I do not agree with the right hon. Gentleman. The Government are simply trying to ensure that the public get the choice. If we insert a threshold—even the one put forward by the noble Lord Rooker, which was supported in the other place by a majority of only one—it effectively means that we are saying to the public that even where there was a clear decision, it would not be binding and the matter would come back to this House. If we were to agree with it, there would be no point; if we were to overturn it, it would be outrageous. Thresholds are not part of the traditions and practice in this country. We have discussed the one example of where it was used, and we found that it was not a very good precedent.

Several hon. Members *rose—*

Mr Harper: Let me make a little more progress. I am conscious that other Members want to contribute and I have been generous in giving way.

As drafted, the Bill that left this House offered simplicity and, above all, certainty—the certainty that every vote would count and not be distorted by an artificial barrier. When people go to the polls on 5 May, we should listen to what they have to say, whatever their view. As well as the issues of principle that I have outlined, there are also some technical and practical deficiencies. Before I go on to them, I will take an intervention from my hon. Friend the Member for Harwich and North Essex (Mr Jenkin).

Mr Jenkin: I echo the point made by the right hon. Member for Blackburn (Mr Straw) that the amendment only requires the House of Commons to think about a poor turnout and how to respond to the result under such circumstances rather than automatically triggering a small yes vote with a low turnout and a new voting system. Does the Minister not recognise the irony of his position? Here we are looking at a referendum that might introduce a new voting system under which a Member elected to this House will be required to get 50% of the votes cast, yet we cannot even put in a threshold to require a 40% turnout to give credibility to the result of a referendum. What serious constitution around the world does not have some form of threshold and why should we not introduce one in this case?

Mr Deputy Speaker (Mr Lindsay Hoyle): Let me be quite honest: a number of Members are still seeking to catch my eye, so we need shorter interventions.

Mr Harper: I will take your injunction as implicitly indicating that I should give way to fewer of them.

On the effect of AV, it is not, of course, the case under our system of optional preferential voting that it is necessarily 50% of the votes cast that counts; rather it is 50% of the vote remaining in the count. If lots of people choose not to accept a preference, AV does not imply that a Member of Parliament must get more than 50% of the vote. I simply disagree with my hon. Friend. He will know that I am as unenthusiastic about the alternative vote as he is, but I think the right thing to do, which is the Government's policy, is to have the referendum so that he and I can go out and argue for a no vote, while other colleagues wanting a yes vote will make that case. We can then both seek to get as many people as possible to vote on our behalf. The Government's view is that if there is a turnout threshold, it will provide an incentive for those who favour a no result to stay at home. I do not think that we should be encouraging that.

Mr James Gray (North Wiltshire) (Con) *rose—*

Mr Harper: Let me make a little more progress.

There are some technical and practical deficiencies, some of which were partially addressed in Lord Rooker's Third Reading amendment, which the Government did not oppose pending full consideration in the Chamber. The definition of electorate was dealt with, as was how the turnout would be calculated. A problem with the original amendment was not remedied, as it leads to the creation of an internal contradiction in the Bill. It makes no consequential change to clause 8 to clarify that, in a case where the turnout is less than 40%, the referendum result is no longer binding. As it stands, clause 8 provides that the result is binding, irrespective of the turnout.

In addition, neither amendment makes any reference to what kind of process would follow a non-binding result. In the debate, Lord Rooker and his colleagues indicated that, in the event of a yes vote where the turnout was less than 40%, the question of whether the AV provisions should be implemented should return to Parliament. That point has been repeated by Members of all parties, but it is not made clear in the Bill or in the Lords amendment with which we disagree. There are also some issues with the definition of turnout.

Mrs Laing: Will the Minister give way?

Mr Harper: Given that my hon. Friend is the acting Chairman of the Select Committee, I will give way to her.

Mrs Laing: It is in my capacity as acting Chairman of the Select Committee that I wish to make this point. The amendment is—sadly, because I want to see thresholds, but not as the amendment introduces them—deficient. It is not clear. The definition of vote is not clear and the definition of electorate is not clear. The Electoral Commission provided the Select Committee with the evidence—I do not have time to provide it now, but it is on the record—and if a law is not clear, it is bad law.

Mr Harper: My hon. Friend is quite right. I was just coming on to the point that there is also the question of whether the definition of turnout in their Lordship's amendment is correct. Lords amendment 8 specifies that

"the turnout figure is to be calculated on the basis that 100% is defined as the total number of individuals who are entitled to vote in the referendum, as defined in section 2; and... under Part 1 of this Act".

That means that the turnout figure would not include those who had voted on the day, but whose votes were deemed, for whatever reason, to be void. Those void votes are not counted. As Lord Wallace noted in the other place, the Government's view is that if eligible electors go to the polling station and vote, they have "turned out", so they should be included within the turnout figure, even if their vote is subsequently deemed to be invalid. Although this aspect clarifies how to interpret Lords amendment 1, it does not necessarily do so in the right way.

Mr Gray: The Minister rests his argument on technicalities, which no doubt the Government could sort out by tabling amendments themselves. Returning to the main point of the debate, does he agree that Lord Rooker's amendment would allow this House to decide how low the threshold should be if there were a very low turnout in the referendum? In other words, if, for the sake of argument there were a 5% turnout, would the Government believe that to be sufficient? No, I do not believe they would. If it were 35%, I believe they would. What level of turnout does the Minister believe to be a reasonable level to account for "the will of the people"? What would he view as a sensible turnout in the referendum—25% or lower?

Mr Harper: My hon. Friend has made a number of points. Let me say first that I did not rely on the technical arguments; I made the principled case at the outset, before adding that serious technical amendments were involved. Although, as my hon. Friend the Member for Epping Forest (Mrs Laing) pointed out, the Government's original position was simple and clear, the Lords amendments are complicated, and introduce a great deal of uncertainty.

In referring to what the House might do if the amendment were passed, my hon. Friend drew attention to the fact that some Members, understandably, wished to use an amendment passed in the other place by a majority of one as, effectively, a threshold amendment. If the threshold were below a certain point, they would wish to block the decision of the people. As I said earlier, we have taken the view that we should give the decision to the public, that we should campaign in favour of whatever is our side of the argument, and that we should all provide an incentive for the maximum possible turnout rather than some of us providing an incentive for those favouring a particular side of the argument to stay at home.

Mr Winnick: Will the Minister give way?

Mr Harper: I will take one more intervention from the hon. Gentleman.

8.30 pm

Mr Winnick: There may well be a 40% turnout, but the turnout could be higher. Who knows? It will depend greatly on the campaign, and on the people's interest or lack of it. However, will the Minister answer the question raised by the hon. Member for North Wiltshire (Mr Gray)? At what point below 40%—10%, 15%, or 20%—would the Government conclude that the result did not carry any credibility whatever?

Mr Harper: We have already discussed what constitutes the appropriate level of turnout, and the issue arises constantly when elections are held. However, when a general election produces a Government who may make significant changes, we do not say that a Member of Parliament has not been elected because the turnout was low. Indeed, when we debated the issue on another occasion, it was observed that a fair number of Members of Parliament would not be here if that had been the test. That is not the way in which we make judgments in this country.

My hon. Friend the Member for Epping Forest said that, as the Electoral Commission had pointed out, leaving the provisions in the Bill risked rendering the outcome of the referendum unclear both in law and on the ground. We think that the public should make the decision, and that the referendum should be binding and not subject to the turnout threshold. Our colleagues in the other place debated this proposal with their usual consideration and care, but, having done so, voted for it by the slimmest of margins—a majority of one. Having considered both the practical difficulties and the issues of principle, I believe that the arguments for overturning the decision in the other place are compelling. I ask the House to oppose both these amendments and the consequential amendment proposed by my hon. Friend the Member for Stone.

Chris Bryant: The Minister's last few words were something of a giveaway. He suddenly introduced a threshold of his own: a special threshold for votes in the House of Lords, which must secure a bigger majority than one for the Government to take them seriously. That is an interesting innovation.

I will vote yes in the referendum in May, although I hear what is said by the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski), and I pay tribute to him. I recognise that the first occasion on which the House of Commons sat on its own was in his constituency, but that was only because it had been summoned to Shrewsbury first to see the hanging, drawing and quartering of the Welsh prince Dafydd ap Gruffudd—and that really was a shame.

I will support the alternative vote, which is why, in Committee, I strongly opposed what I considered to be wrecking amendments in respect of thresholds. However, I believe that this is an exceptional referendum for two reasons. First, unlike the vast majority of referendums that have been held in this country and many others, it will not just advise, but will implement legislation. That means that, if there is a yes vote, we will not have a second opportunity to consider all the elements of how the alternative vote will be implemented.

Secondly, as we have asserted from the outset, we do not believe that this referendum should be combined with elections in Scotland, Wales and Northern Ireland and with local elections, because that will produce very different turnouts in different parts of the United Kingdom. There might well be deep resentment in one part of the United Kingdom because another part, on a very different turnout, had ended up with a different result.

Stephen Williams: Will the hon. Gentleman give way?

Chris Bryant: I am happy to give way to the hon. Gentleman, although there is very little time and he voted for the programme motion.

Stephen Williams: No threshold was involved in the referendum to create the National Assembly for Wales in the summer of 1997. The area represented by the hon. Gentleman, Rhondda Cynon Taf, voted yes in that referendum. Is the hon. Gentleman suggesting that the votes of his own constituents should have been invalidated because the turnout was not above 40%?

Chris Bryant: No, I am not saying that at all, but that referendum was not an implementing referendum; nor was it held at the same time as other elections. That is a completely different matter therefore, and I think we behaved entirely properly in introducing our legislation for Wales. Incidentally, in the 3 March referendum I shall also be voting in favour.

Mr MacNeil: Is the hon. Gentleman really saying, "These are my principles on referendums, but I don't like them so I've got some other ones"? He says one thing on the one hand, and another thing on the other. There is no consistency at all from those on the Labour Front Bench.

Chris Bryant: No, that is not true. *[Interruption.]* Yes, it is interesting to hear an argument for consistency from a Scottish nationalist. That is almost as interesting as hearing that argument from a Liberal Democrat. *[Interruption.]* I note that the hon. Member for Bristol West (Stephen Williams) was already laughing before I said that.

The Minister cited me, and claimed that I was going to say all sorts of things. Actually, in Committee in this Chamber I said that

"there is no fixed determined policy that we are completely and utterly in all cases implacably opposed to thresholds. Nor, for that matter, is there a belief that we ardently should have thresholds."—[*Official Report*, 2 November 2010; Vol. 517, c. 847.]

My point is that there are times when thresholds might be suitable, and there are times when thresholds will not be suitable. Indeed, the Minister quoted a bit of my speech, but I went on to say that

"I fully understand that there are others who say that because of the way in which the Government are pushing forward with this legislation and because it is an implementing referendum, a threshold would be appropriate."—[*Official Report*, 2 November 2010; Vol. 517, c. 849.]

Mr Alan Reid (Argyll and Bute) (LD): I ask the hon. Gentleman to cast his mind back to 1979, when we had a Scottish referendum under the 40% turnout rule. A majority voted yes, the whole issue festered for 18 years, and when the Labour party came back to power and it had another referendum, it rightly learned the lessons of the past and did not have a 40% threshold. Will he please learn the lesson of the past?

Chris Bryant: The hon. Gentleman makes a very good point. That was why I was opposed to the versions of thresholds that were brought forward in Committee. There were two different versions. One was that it was necessary to get 25% of the electorate to vote yes, as well as more people voting yes than voting no. The other was a 40% threshold. If neither of those two conditions were reached, the result was to be an automatic no and we were to stick with first past the post.

That is not what this amendment's threshold would do. This is a very different referendum, and consequently needs a very different style of threshold. All this threshold

would do is say that Parliament ought to have a second thought. It would say that if we do not get up to 40%—if, for instance, the turnout in England is 15% or 20%, whereas in Scotland and Wales it is closer to 43%, 44% or 45%—there ought to be a moment when Parliament thinks again about the implementing process in going forward.

Jacob Rees-Mogg: The hon. Gentleman is a distinguished constitutionalist, and I wonder whether he thinks that in the context of referendums being used more frequently, and for deciding on European matters and constitutional issues, it would be a good idea to settle on a threshold for all referendums, so that people knew where they stood.

Chris Bryant: As the hon. Gentleman knows, I am very grateful to be called distinguished about anything, but I do not think he would carry the House on that point. I am not a fan of referendums generally at all, because I think the whole point of parliamentary democracy is that Members are elected to take decisions, provide leadership and represent the people in our constituencies. I think that is the best way of advancing policy. However, where there are referendums, I think it is better if they are advisory ones rather than implementing ones. That is the point I would make about the whole referendum issue before us.

I think this is a special referendum and I therefore think it needs a special threshold. That is precisely what Lord Rooker's amendment provides for, which is why we will be supporting it tonight.

Stephen Williams: I will be as brief as possible, as I know that many Members want to speak.

My basic point is that we have many elections in this country where we do not require a threshold in order to give legitimacy to the result. We know that this referendum is very likely to be taking place on the same day as elections to the Scottish Parliament, the Welsh Assembly and local government, and because of the historical pattern of those elections we also know there is likely to be a low turnout in them. In 2009, only two of the 23 wards that elected councillors in the city of Bristol had a turnout of more than 50% and only six had a turnout of more than 40%, and 15 had turnout percentages in the 30s or 20s, yet we do not say that the councillors elected to represent Bristol were not legitimate. We know that turnout usually dips in the year after a general election, and the turnouts in 1998 were even lower. In May 1998, I was last elected as a member of Bristol city council, in Cabot ward, on a turnout of 18%, although I received more than 53% of the vote. Nobody said that I was not fairly elected to represent the electors of that ward.

Several hon. Members *rose—*

Stephen Williams: I am about to stop to allow others to get in. Bristol's turnout is traditionally higher than that of most of the other great urban areas of this country, yet we do not say that the people elected to run our great cities in England are not fairly elected and cannot make those decisions. We do not have thresholds for those elections, so we should not have a threshold in this circumstance either.

Mr Straw: Like my hon. Friend the Member for Rhondda (Chris Bryant), I am a supporter of the alternative vote system, as I have made clear, not least in a tract that few people read, to which I contributed with my right hon. Friend the Member for Neath (Mr Hain) in 1986. I also spelt it out in this House on 9 February 2010 in a very big debate on AV. On the issue of consistency, the hon. Member for Forest of Dean (Mr Harper) may recall that he voted against the whole idea of having a referendum on AV then, so there is always a place in heaven for sinners to repent. On the threshold, I say to him that the excuse of technical defects in an amendment is the last refuge of a Minister who has nothing to say. If the only problems with Lord Rooker's amendment are technical defects, he should ask the parliamentary counsel to draft amendments and they will go through like a dose of salts.

On the principle, the Minister was arguing against an all-or-nothing threshold, saying that if we did not reach the threshold—this is a very different one from that for the Scottish Assembly in 1979—the whole referendum result would be nugatory. That is not the case here, because this is a skilfully put together threshold. As my hon. Friend the Member for Rhondda says, it does not render nugatory a result on a 39% or 35% turnout; it brings the matter back to this House. However, were the turnout derisory, we would of course need to think again. For those reasons, I strongly urge hon. Members from all parts of the House, regardless of their view on the merits or otherwise of AV, to vote for this Lords amendment.

Mr Cash: Last night, Lord Rooker, to whom I pay great tribute, said that his amendment required tweaking, which is what my amendment (a) does. In a nutshell, it says that if the threshold of 40% is not reached, the Minister would have an obligation to introduce legislation to repeal the alternative vote provisions. Why do I say that?

Mr MacNeil *rose—*

Mr Cash: I will not give way.

I say that for a very simple reason, which is that when this House votes to pass legislation for a referendum so that the people can decide, just as it is necessary, according to the principles of the Bill, for there to be a system of preference voting that is said to be fair, so it has to be fair for the electorate as a whole to know that when the decision is taken there is a proper threshold. According to all the constitutional authorities, there is no credibility in a referendum whose turnout is less than 40%—I am talking about turnout, not a yes vote, which is what the Cunningham amendment related to in the 1970s. I tabled my amendment in order to be useful, to help the Government get this right and to help the Lords, who have done a great job, ensure fairness for the electorate by providing that a 40% threshold is the principle on which the provisions should go forward.

Mark Durkan: The hon. Member for Rhondda (Chris Bryant) has referred to the wrecking amendments we debated and voted on in Committee. Essentially, what we have tonight are wrecking amendments that are bubble-wrapped. No matter what the sophistry of Opposition Front Benchers or anyone else, we know what the intention is: to put a serious and direct brake on the possibility of the referendum being won.

8.45 pm

There will be barely 11 weeks of campaigning given the time left, and the imposition of a threshold will create a completely unequal situation. In the south of Ireland, people deliberately created all sorts of confusion during referendum campaigns so that they could say, "If you don't know, vote no." If we agree to anything that passes for any sort of threshold, people in this country will have an incentive to say, "If you don't know, don't vote", knowing that votes that are not cast will count as votes against. That is completely unfair, and if people are supporting the Bill in the name of equal votes, they should not support a threshold that creates a completely unequal situation.

Mr MacNeil: If the threshold were accepted, would that mean that if neither the first-past-the-post nor the AV systems were acceptable to the people, the single transferable vote must be preferred? The threshold argument has to cut both ways.

Mark Durkan: The hon. Gentleman makes a very good point. People might have a variety of reasons for not voting, such as that they do not believe the alternative vote is a big enough reform of the voting system. If people do not vote, that does not mean that they are voting for the status quo.

Mr MacNeil: I shall take full advantage of the remaining 30 seconds—

8.46 pm

Four hours having elapsed since the commencement of proceedings on consideration of Lords amendments, the debate was interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83F), That this House disagrees with Lords amendment 1.

The House divided: Ayes 317, Noes 247.

Division No. 206] **[8.46 pm**

AYES

Adams, Nigel
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Durkan, Mark
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hopkins, Kris
Horwood, Martin
Hosie, Stewart
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Llwyd, rh Mr Elfyn
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lucas, Caroline
Luff, Peter
Lumley, Karen
Macleod, Mary
MacNeil, Mr Angus Brendan
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McDonnell, Dr Alasdair
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McVey, Esther
Menzies, Mark
Mercer, Patrick

Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Reckless, Mark
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Wharton, James
Wheeler, Heather
White, Chris
Whiteford, Dr Eilidh
Wiggin, Bill
Willetts, rh Mr David
Williams, Hywel
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Norman Lamb and Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Binley, Mr Brian
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bone, Mr Peter
Brady, Mr Graham
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Cash, Mr William
Caton, Martin
Chapman, Mrs Jenny
Chope, Mr Christopher
Clappison, Mr James
Clark, Katy
Clarke, rh Mr Tom
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cox, Mr Geoffrey
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davis, rh Mr David
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Drax, Richard
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Gray, Mr James
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hollobone, Mr Philip
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jenkin, Mr Bernard
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lewis, Dr Julian
Lloyd, Tony
Long, Naomi
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Main, Mrs Anne
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael

McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nash, Pamela
Nuttall, Mr David
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Percy, Andrew
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Redwood, rh Mr John
Reed, Mr Jamie
Rees-Mogg, Jacob
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Shepherd, Mr Richard
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wollaston, Dr Sarah
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Mr David Hamilton and Graham Jones

Question accordingly agreed to.

Lords amendment 1 disagreed to.

The Deputy Speaker then put forthwith the Question necessary for the disposal of the business to be concluded at that time (Standing Order No. 83F).

Lords amendment 8 disagreed to.

Ordered, That a Committee be appointed to draw up Reasons to be assigned to the Lords for disagreeing to their amendments 16, 19, 1 and 8.

That Chris Bryant, Mr Philip Dunne, Mr Mark Harper, Jonathan Reynolds and Stephen Williams be members of the Committee;

That Mr Mark Harper be the Chair of the Committee;

That three be the quorum of the Committee.

That the Committee do withdraw immediately.—*(Stephen Crabb.)*

Committee to withdraw immediately; reasons to be reported and communicated to the Lords.

Mr Gerry Sutcliffe (Bradford South) (Lab): On a point of order, Mr Deputy Speaker. You will be aware that over the past few weeks we have had to ask questions of the Government in relation to Home Office statements not being made to this House. We have strong indications this evening that tomorrow the Home Office is to make announcements on immigration policy that affect the immigration cap. We believe that the press lobby have been informed; indeed, the Minister responsible has offered an off-camera briefing to the press on the issues involved. How can we take this issue forward when it seems that the Home Office has now become a serial offender?

Mr Deputy Speaker (Mr Lindsay Hoyle): I am grateful for having been given notice of that point of order. There is no information about a Government statement tonight. Those on the Treasury Bench will have heard what the hon. Gentleman has said. Advice could be taken from the Table Office, and I suggest that he seek it there.

Public Services (Social Enterprise and Social Value) Bill (Money)

Queen's recommendation signified.

9.1 pm

The Parliamentary Secretary, Cabinet Office (Mr Nick Hurd): I beg to move,

That, for the purposes of any Act resulting from the Public Services (Social Enterprise and Social Value) Bill, it is expedient to authorise the payment out of money provided by Parliament of any expenditure incurred in consequence of this Act by a Minister of the Crown, government department or other public authority.

I should like to take this opportunity to thank my hon. Friend the Member for Warwick and Leamington (Chris White) for introducing this important Bill. I am pleased to confirm the Government's support for the Bill, subject to certain amendments at the Committee stage. On Second Reading, it was the will of the House that the Bill should be discussed in Committee.

The primary measure that the Government are supporting is the requirement for contracting bodies to consider how they might promote or improve economic, social or environmental well-being when commissioning services. This includes a requirement that authorities consider whether to consult the persons who will benefit from the service. The decision on how authorities should take account of this wider value is left to the authority. It is already best practice to take account of wider value when undertaking procurement and to consult in such circumstances, and guidance and tools are already available. For an individual contracting authority, the costs are likely to be small. The measure therefore triggers the need for this new money resolution, which I commend to the House.

9.3 pm

Roberta Blackman-Woods (City of Durham) (Lab): I do not wish to detain the House for much longer on this matter. The Opposition supported the Bill on Second Reading, and we wish to see it go into Committee, where we think it can be strengthened. We very much want local authorities to have strategies in place to promote social enterprises and to consider how they can better meet the needs of their communities and continue to develop public services in a way that it is truly responsive to local needs. We therefore support the resolution.

Question put and agreed to.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

SENIOR COURTS OF ENGLAND AND WALES

That the Civil Procedure (Amendment No. 4) Rules 2010 (S.I., 2010, No. 3038), dated 23 December 2010, a copy of which was laid before this House on 23 December, be approved.—*(James Duddridge.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

COURT OF JUDICATURE: NORTHERN IRELAND

That the Rules of the Court of Judicature (Northern Ireland) (Amendment No. 3) 2010 (S.R. (N.I.), 2010, No. 430), dated 23 December 2010, a copy of which was laid before this House on 23 December, be approved.—*(James Duddridge.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

POLITICAL PARTIES, NORTHERN IRELAND

That the draft Control of Donations and Regulation of Loans etc. (Extension of the Prescribed Period) (Northern Ireland) Order 2011, which was laid before this House on 17 January, be approved.—*(James Duddridge.)*

Question agreed to.

Economic Development (North-East)

Motion made, and Question proposed, That this House do now adjourn.—*(James Duddridge.)*

9.4 pm

Mr Nicholas Brown (Newcastle upon Tyne East) (Lab): Now is an appropriate time to sound a warning about the changes that are being made to economic development structures in north-east England. The extent to which the coalition Government intend to abandon the Labour Government's approach to these issues is now clear, as is the outline of their successor strategy, such as it is. It is my contention that the coalition approach is fundamentally wrong on both counts.

The economic development issues facing north-east England are not typical of those facing the United Kingdom as a whole. Of course our region is not sheltered from national and international economic trends. Regional economic development in the north-east is dominated not so much by our unique industrial history as by our transition from it. No region has done more to help itself, and there was a broad consensus in the region on the economic development strategy until the last election.

I had the honour and privilege of being Minister for the North East in the Labour Government. I tried to do the job in a less partisan, party political way, certainly less so than my other ministerial job. My objective was to drive up the prosperity of the region by broadening and diversifying its employment base, with an emphasis on the private sector. That strategy was right for the north-east. It is not for the state to pick private sector winners and losers, but it is for the state to respond at regional level to private sector-led initiatives and to work closely with the private sector in bringing promising projects to fruition.

Our region is essentially two conurbations and a rural hinterland. We make up 4% of the United Kingdom's population. The single regional structure of the Government Office and, in particular, the development agency worked well for us.

Mr Kevan Jones (North Durham) (Lab): Does my right hon. Friend agree that the unique thing about the north-east is that there has been support going back many years not just from councils and the public sector, but from the private sector, the TUC and other sectors recognising the need for the region to speak with one voice?

Mr Brown: My hon. Friend is absolutely right. One of the great things about economic development in our region is that it has proceeded with consensus, with buy-in right across the region sector by sector, including the public, private and voluntary sectors. We have understood the need to stick together, to talk to each other and to speak coherently on the issues. The fact that we did so is one of the great successes of our region.

Through the single approach that we took, we were able to avoid the poverty of ambition and the attendant dangers of parochialism. Working relationships across agencies and between the private and public sector were good, and there was a general feeling in the region that we were getting somewhere.

On Teesside, the issues relating to Corus and the process industry have features in common. The way forward has to be private sector-led. The private sector needs dialogue with national Government through the regional development agency. It is not reasonable to ask local government, even neighbouring local authorities acting in concert, to deal with issues of this scale. The same is true for the economic development potential of the underused industrial sites at the east end of the Tees valley.

In our region, there was general enthusiasm for the carbon reduction strategy, and for applying our traditional industrial and manufacturing skills to the challenges of combating climate change. There is excitement about the development of the electric car at Nissan. The region is also host to other electric vehicle manufacturers. The Clipper offshore wind factory at the Walker technology park is the only such factory in the UK so far. The potential for the development of printable electronics at Thorn, the innovative photovoltaic products of Romag glass, and the strong case made by Rio Tinto at Blyth and the mutually compatible bid from Tees Valley to be part of a carbon capture and storage pilot, all show how deep and widespread the region's enthusiasm for this approach goes. We are, as the hon. Member for Hexham (Guy Opperman) pointed out recently to the House, host to the United Kingdom's green pub of the year, the outstanding Battlestead's hotel at Wark.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): There is great enthusiasm not only for green pubs but, as my right hon. Friend said, for the new technologies in the region. Does he agree that as well as being great in the private sector, that enthusiasm needs to be matched by the public sector so that the supply chains and the skills that the new technologies need are provided?

Mr Brown: I strongly agree with all that. In my discussions with individual public sector agencies, as well as with private sector companies, that enthusiasm was matched right across the piece. People understand the importance of it and see the opportunities for the economy of our region. One of my misgivings about the Government's approach is that the public sector's ability to respond is financially constrained.

The policy approach that we adopted meant that our region had the fastest growth rates of any English region right up until the banking crisis. The Pricewaterhouse study of One North East found that, over a five-year period, the agency had directly created more than 24,000 jobs, helped to create over 1,000 new businesses, helped a further 1,700 companies improve their business performance, helped more than 6,000 people into employment, and assisted more than 98,000 people to gain new skills. In particular One North East's work in the area of business competitiveness and development, which covers activities such as overseas investment and enterprise support, realised an overall return of £8 for every £1 spent.

Grahame M. Morris (Easington) (Lab): I pay tribute to the work that my right hon. Friend did on behalf of the region as Minister for the North East, and in particular to the support that he gave us in Easington. What is his view of the cost of redundancy following the winding up of the regional development agencies,

which the Minister has indicated will be £464 million over the four years, including salaries, redundancies and transition costs? The alternative, the local economic partnerships, have no budgets. Does my right hon. Friend think they are an effective vehicle to drive economic growth in the region?

Mr Brown: I am grateful for my hon. Friend's intervention and for his kind remarks about my involvement as regional Minister. I was tremendously impressed by the work that is going on in Easington district, the exciting film projects that we visited together, the work of the coal board residual authority in his constituency, and the opportunities that there are, working with Durham county council, to bring to an end long-standing and intractable labour market problems in the eastern part of County Durham. I pay tribute to my hon. Friend and his predecessor, our friend John Cummings, for the enormous amount of work that has been done locally to try to give hope where at times it seemed that there was not much room for it. I felt that we were getting there, and it would be very sad if the ideas and projects that I am so enthusiastic about, and that I know my hon. Friend is so enthusiastic about, end up set back because of events in the region.

My key point is that the economic development agency was the principal agent of change and transition in north-east England. Far from being a burden on the taxpayer, it repaid its cost, in the region, several times over.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): I echo the warm thanks of my hon. Friend the Member for Easington (Grahame M. Morris) to my right hon. Friend for his work as regional Minister. We all saw the benefits of that.

Will my right hon. Friend join me in congratulating Nissan, which he mentioned earlier, on winning the European car of the year award for 2011, one of many awards that it has won for its Leaf electric vehicle? Does he agree with Nissan, especially in the light of the recent rise in unemployment figures, that that achievement and all the jobs it has created in the north-east would not have been possible without the grant for business investment scheme that the Secretary of State for Business, Innovation and Skills has now scrapped along with the very successful RDA, One North East?

Mr Brown: My hon. Friend is absolutely right that Nissan was able to take advantage of the support for industry that was in place under the previous Government. What it is doing is not just manufacture a new motor car, because, as its Leaf advertising says, it is much more than that. It is a completely different form of transport. It is a very exciting development and we all wish it well and are proud to have it in our region. I know that she is proud to be the constituency MP for it.

That project would not have happened had it not been for the active intervention of the then Labour Government in making grant support available. It was actually because of the intervention of the then Secretary of State and his willingness to champion development in the north-east of England. We had rivals and competitors in our friends in continental Europe, who were also bidding for the plant. It speaks really well for the work force at Nissan that they are so highly regarded within the Nissan family of companies that they were a contender for the project. The clincher, however, was the support that the Government gave and their willingness to stand by the region.

My fear is that public sector cuts will affect the north-east disproportionately. As well as the closures of the economic development agency and the regional office, there are redundancies in each of the local authorities and other public bodies and vulnerabilities at the Department for Work and Pensions and Her Majesty's Revenue and Customs complex at Longbenton in east Newcastle. If the Minister can say something reassuring about that site, which is the largest single concentration of public sector employees in the western world outside the Pentagon, it will be welcome.

Jobcentre Plus does a good job for us in the north-east. It has had to cope with major redundancy rounds at Atmel, Northern Rock, Nissan and Corus, and it has handled those difficult situations as well as anybody could. It is asking a lot of the labour market to absorb those redundancies and the ones brought about by public spending cuts. The effect of those cuts is cumulative, the more so because the people whose jobs are going have similar skill sets and career aspirations. The Government's response is that an expanding private sector will take up those employees, but those who advocate that policy must say what private sector and where.

James Wharton (Stockton South) (Con): I thank the right hon. Gentleman for kindly allowing me to intervene in his debate. Is he aware that since mid-August, newspapers in the region have announced more than 20,800 new private sector jobs and more than £4 billion of private sector investment? I appreciate that, like any region in these difficult times, we face tough challenges, but there is a good news story to tell as well. As the region's MPs, we all have an obligation to talk up the north-east, not just to concentrate and focus on the challenges that we face.

Mr Brown: Nobody has talked up the private sector economy of the north-east more than I have, not just now but when I was the Minister for the region. My strategy was to broaden and deepen the region's employment base by broadening and deepening private sector employment opportunities. I have never said that we are over-reliant on the public sector, but the correct way forward for our region is the development of private sector employment opportunities. That is why I said at the outset that there was not much disagreement about questions within the region. There was a consensus about what we were trying to do and how best to proceed. The region's Members of Parliament, regardless of party politics, found it easy to discuss those issues among ourselves and make common cause on specific projects.

Mr David Anderson (Blaydon) (Lab): Is not the reality that we have learned from a long history of being cast adrift, when nobody had any plan for the north-east? In the past 10 years, we learned to work together, ably led by my right hon. Friend. The private sector, the public sector—everybody—pulled together. There was no difference between us, and we experienced a renaissance in the north-east, which none of us ever thought possible. It was tremendous, but it is being set back by the Government who have come to office in the past year.

Mr Brown: My hon. Friend is right. The theme of my speech is that we had got the structures and the working relationships right between us. There was a real feeling that we were getting somewhere.

Ian Swales (Redcar) (LD): Is it not a matter of regret to the right hon. Gentleman that Middlesbrough, Hartlepool and Redcar and Cleveland were recently rated as being in the bottom 10 in economic strength out of 324 areas in the country? Does not that give weight to the Government's policy of creating Teesside local enterprise partnership?

Mr Brown: We all understand how difficult things are on Teesside, and I have lent my shoulder to tackling those problems, just as other hon. Members across the region have done. However, it is my strong view that we need a single, regional approach rather than allowing our efforts to become fragmented. In particular, it is a terrible mistake to say to those with the most difficult problems—I will say something about the specifics shortly—"You have to sort your own problems out without the help of the rest of us." The great strength of our region is that we have all stood together, geographically and across party politics, public sector and private sector, including the public sector agencies that are not directly politically led. We have all stood together with the same focus, in an earnest endeavour to work together to give a coherent single voice to government for the good of the region. That is the correct approach.

Mr Iain Wright (Hartlepool) (Lab): I pay tribute to my right hon. Friend, who, in his time as Minister for the North East was a real friend of Teesside, not just of Tyneside. Following on from the interventions of the hon. Members for Stockton South (James Wharton) and for Redcar (Ian Swales), we have enormous potential in Teesside and Hartlepool, with process industries, the nuclear industry and the potential of renewable energy, but that needs help and support. My constituency has 4,000 unemployed people but only 76 vacancies at the local jobcentre. Does my right hon. Friend agree that there needs to be more marrying up of that enormous potential in the private sector and central Government support, which the current Government are not providing?

Mr Brown: I agree, but, above all, we need to strengthen the employment base in the Tees valley, and that means focusing on the potential of the key employers—Corus, if the transition takes place, the chemical sector, the process sector, the potential in the under-utilised land at the east end of the Tees valley, the exciting opportunities in Teesport and the new distribution agreements with Tesco and Walmart. Those are exciting and significant developments, providing a whole new range of activity for the port. I wish them well, but they must be supported by the region speaking with one voice. The new job opportunities are for the whole of the north-east of England. Indeed, they are for the whole north of England, going right down to the midlands, and covering all points north, including Scotland.

Phil Wilson (Sedgefield) (Lab): Is not one of the best ways of securing economic growth in the area, and of helping Teesside and Teesport, to ensure that the Government go ahead with the Hitachi project, which will create 800 direct jobs in my constituency? It will create thousands of jobs, not only in the region but throughout the country, and be a great export market for us. It will also ensure that we have growth and an ability to rebalance the economy in the north-east of England. We have waited months for a decision from the Government. Does my right hon. Friend see a new trend developing in the coalition Government of an inability to make decisions?

Mr Brown: It is true that the new Government seem to find difficulty in making decisions and giving clear-cut answers. As Minister for the North East, I met representatives of Hitachi in Downing street and worked closely with my hon. Friend to ensure that the programme was understood right at the heart of the Government. We engaged as fully as we could with the Government office of the region, the development agency and the Department involved, and did everything we could to bring those private sector arrangements to fruition on Hitachi's preferred site—it was of the company's choosing, not the Government's. Getting that programme would be a tremendous win for his constituency, and I urge Ministers to do everything they can to bring this to a conclusion and to bring the Hitachi programme to the north-east. The company has chosen the site, not the politicians, although if my hon. Friend and I were choosing, we would have chosen the same one.

Small and medium-sized enterprises are reliant on their supply chains. When those are public sector supply chains, SMEs will be hit by public expenditure constraints. SMEs are particularly significant to the north-east labour market. The arrangements for the public sector to work with them are being reduced dramatically, and their chances of making successful bids to the regional growth fund are practically non-existent, because the fund will not entertain bids of less than £1 million.

There is now no coherent interface with the private sector in the region. The Government closed its regional office, and the subsequent announcement that the Department for Business, Innovation and Skills will open six new departmental offices for the 10 English planning regions to deal with administration is truly pathetic. No doubt the office covering the north-east will be somewhere in Yorkshire.

Mr Kevan Jones: Does my right hon. Friend agree that the way in which the Government are dealing with European structural funds is an absolute scandal? Some £160 million is sitting there, ready for investment in the north-east, but because of the withdrawal from the region of match funding, it looks as though we might lose it?

Mr Brown: My hon. Friend is right that we cannot get the match funding, but, worse than that, we cannot start any new projects because of the constraints that the coalition Government have placed on what is left of the development agency. The RDA still has an unallocated sum—I think about £80 million or £90 million—but it is not allowed to spend it on anything new. As time goes on, that is something of a constraint.

My contention is that private sector economic development should be private sector led. It is ironic that I, as a former Labour Minister, advocate the structures that the CBI believes have served the north-east well, and that a Conservative-led Government are arguing that what is left of those functions should be led by local authorities.

Economic development in the north-east now has the wrong departmental lead. The Department for Business, Innovation and Skills should lead, but in fact the Department for Communities and Local Government is leading. The local enterprise partnerships look as if they will be staffed by the wrong people—the correct skill set is professional economic development officers, as employed by One North East, not local government officers. Local enterprise partnership boards have the wrong executive lead. What is needed is representatives of private sector business, not local councillors. The geographical areas covered by LEPs are wrong: there should be one agency for the region, not multiple agencies duplicating effort and overlapping. Multiple agencies could also be too small to be effective.

James Wharton: I do not wish to depart too much from the largely consensual nature of this debate, but I disagree with the right hon. Gentleman on LEPs. There was great demand in Teesside for the LEP that we have secured, as is evidenced by the fact that Teesside moved to create the LEP before a regional agreement on the LEP approach was reached. I do not like the term "Tees valley" and prefer to say "Teesside", and we could argue about the exact boundaries of it, but the Tees valley LEP is a welcome development that will help to grow the economy on Teesside.

Mr Brown: I am not going to quarrel with the hon. Gentleman about nomenclature. I understand that the local representatives of communities in Teesside want to do their best for their local communities, and I have no quarrel with that at all. Anytime they need my help or the help of other Members of Parliament for the north-east of England, it will be willingly given. They are our friends, neighbours and colleagues, and we want to help them get through what we understand are some of the most difficult and intractable of problems.

These are not local problems. The whole point of my address is that the big strategic issues that stand to be dealt with are best done so at the regional level, with the region acting as an advocate to national Government, and with national Government taking a direct interest, preferably through a dedicated Minister who has responsibility for standing up for the whole region. I think that that is the best structure. I know that the hon. Member for Stockton South (James Wharton) is advocating the LEP proposition, but even he must see that it is ironic that the approach that I am advocating is the private sector-led regional approach endorsed by the CBI, while the one that he is advocating is led primarily by locally elected Labour councillors. There is a rich irony in that. I hope that he can at least appreciate that point.

James Wharton: I will keep it brief. My understanding of LEPs is that their boards will be business-led—they will have a 50:50 ratio of representatives of local authorities and business, with a business chair—so I do not agree with the supposition that they will be local authority-led. LEPs will be business-led, which is one of the reasons I believe that the Tees valley LEP will be such a success.

Mr Brown: But the representative business organisations in the north-east are organised on a regional basis. I have no quarrel with local business people and local councillors wanting to do their best for the local communities, but I simply say, on the basis of considerable experience, that it is unfair to ask local representatives to deal on their own with a problem of such scale. They have no money and very little in the way of powers. It is not clear where their advocacy, which is the principal thing they will be doing, will be directed. Who is the responsible Minister? Will it be at Parliamentary Under-Secretary of State level or Minister of State level? Will it go to the Department for Communities and Local Government, the Department for Business, Innovation and Skills or both when this regional office is opened somewhere in Yorkshire—for the paper to rattle around in? There will be a lot of talking, but the ability to do something seems to be receding. That is a very dangerous thing for our region.

Engagement with the private sector in the region by Government is now very weak. This is part of a national problem. Even very large private sector businesses are finding it difficult to know where and how to speak to Government, and I would urge the Minister to take that point back and reflect on it. There must be better ways of dealing with these things than those currently in place. I also think that it is a mistake by the Government to have ended the pre-legislative scrutiny arrangements that we had in place under the previous Labour Government. That was a relatively open process which was widely welcomed, particularly by business, as was the opportunity to express a view before proposals were firmed up as legislation.

The Government have a poor strategy for disposing of One North East's residual responsibilities. Of course, everyone wants the assets, but there are liabilities and continuing investments that have not yet come to fruition. Default responsibility seems to be ending up in the Department. There is now no integration of economic development with transport strategy, and no forum for discussing port strategy, although, as I mentioned, we have some very exciting developments at Tees port, with a relatively new distribution business, with Tesco and Walmart. There is real potential in the region.

Mr Alan Campbell (Tynemouth) (Lab): My right hon. Friend mentioned the importance of transport. He knows as well as I do that one of the ways to unlock the economic potential of the eastern part of the region is to upgrade the A19 around the Cobalt business park and to allow the development north of the Tyne. Was he surprised to read in *The Journal* that the Government's answer to securing the funding is that half of it should come from local businesses? Is he aware of any businesses in our region that have the £74 million—in small change—that the Government would like them to chip in to allow the upgrade to happen?

Mr Brown: Not immediately. I am more than happy to ask around on behalf of my hon. Friend and the Government, but I suspect that the response that I will get from local businesses is: they pay their taxes and they are entitled to road improvements from those tax payments in just the same way as other parts of the country expect these things. The local authorities and representatives of regional organisations were particularly strong on the importance of the A19 corridor, and they were aware of the potential for a bottleneck in the dualled tunnel under the Tyne and its effects at the Silverlink roundabout, as well as at the roundabout

[Mr Nicholas Brown]

further north. I was able, in the last Labour Government, to secure an agreement with the Secretary of State for Transport that any underspend in what was then our little regional pot could be carried over and spent on the improvements that my hon. Friend has just advocated—perfectly correctly, because they are important to the flow of traffic. All that—local discretion and end-of-year flexibility—has been taken away. The idea that local business men should put their hands in their pockets and pay for that themselves will be met with outrage, if the Government ever get round to asking them.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Will the right hon. Gentleman give way?

Mr Brown: Of course—if it is about the A1 north of Newcastle.

Sir Alan Beith: I am grateful to the right hon. Gentleman for giving way, and I recognise the personal efforts that he made as the regional Minister. However, as well as being the regional Minister, he was a senior Minister in a Government who found by the end of their time in office that they had engaged in a massive overspend and had to make severe reductions in capital spending, as well as cuts on a scale comparable to that on which the coalition is now implementing its cuts, albeit on a slightly different time scale. He cannot really talk as if we are in the same financial situation now as we were five years ago.

Mr Brown: I accept that, and I am making two points—perhaps I have not made them very well. I accept that we are in a different economic climate: times have changed and things have moved on. Although I believe that what we put in place—particularly the administrative structures—was cost-effective, efficient and focused, and delivered well for the region, it would be more rational, even for the Conservative-led coalition Government, to do more to preserve the consensus that we used to have in the region. They could do that by appointing a regional Minister to keep the core functions of a perhaps scaled-down One North East; it could then handle its own residual functions, apart from anything else. We could keep a presence from the major Departments in the region, not embark on the LEPs and keep the private sector engagement that is so important to getting the private sector-led job creation that we all seek for the region, rather than the structures now being put in place.

Therefore, as well as defending what we were able to do when we were the Government, I am also—and separately—making a plea for a much more rational use of what few resources are available under the current regime. I do not agree with scaling them back as far as they have been, but even if I did accept that—I did not intend to embark on the broader quarrel that the right hon. Gentleman tempts me to pursue—I would say that whatever resources are available could be spent in a better, more focused way and bring about better outcomes. That is my key point.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I, too, commend my right hon. Friend for securing this debate on such an important issue to all us MPs from the north-east. Does he share my concern that, with the swift and fairly draconian—or should that be Maoist?—manner in which the regional development agency has been dismantled, we run the risk of causing a huge dispersal from the north-east of the talent and expertise that has built up there over the years? He gave the example of European regional development funding and the complexities of how such funding is drawn down. We run the risk of losing €139 million that could be invested in the north-east because we have simply dismantled the procedures for drawing down that structural funding without putting anything in their place.

Mr Brown: My hon. Friend is absolutely right, but it is worse than that: we also risk losing the talents and the accumulated wisdom of some 245 employees. They have not yet been made redundant, but it is declared that they will be made redundant. All the evidence is that they are not being picked up by the local economic partnerships, which I think is a terrible mistake, but that is the way that things seem to be going. Their talents will be lost within the region as they seek alternative employment as best they can, competing with other people with similar skill sets, or they will be drawn to other parts of the country where there are jobs in the economy and a stronger labour market. That will be a real loss to our region and a real tragedy, and I regret it very much.

I want to draw my remarks to a conclusion now, because, fortunately, there is still time for other Members to take part in the debate, the previous business having come to a conclusion slightly earlier than usual—

Mr Ronnie Campbell (Blyth Valley) (Lab) *rose—*

Mr Brown: Of course I will first give way to my hon. Friend.

Mr Campbell: I am sick of hearing the argument that there is no money. Does my right hon. Friend not agree that, if all the multinational companies, including the banks, paid the tax on their profits instead of avoiding doing so by hiding their money in tax havens such as the Cayman islands, we would not have this problem? We would have bags of money—billions of pounds.

Mr Brown: It is true that the liquidity crisis is largely the fault of Tory bankers rather than Labour politicians, but I am making a more modest argument focusing on economic development in our region.

Mr Alan Campbell: On the issue of the alleged overspend, does my right hon. Friend recall ever being lobbied, in his time as a very good regional Minister, by the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) for more money to be spent to upgrade the A1?

Mr Brown: I do; I recall our regional debate in Middlesbrough town hall, at which the right hon. Gentleman spoke long and persuasively about the importance of upgrading the A1 north of Newcastle. Indeed, I have a press release from the Conservative Government in 1994 announcing that it was going to take place, so perhaps there is just a delay between the announcement of the policy and its undertaking. The right hon. Gentleman would have been slightly more credible in his request had his party not been committed even before the election to cancelling all our motorway

infrastructure plans—and, indeed, all our major highway investments. Such a cancellation would present a bit of an obstacle if he wanted to advocate the greater connectivity of the great constituency of Berwick-upon-Tweed with the rest of the northern region and, indeed, the rest of the United Kingdom.

I thought that we had a way forward, which would have been to try to meet the Department for Transport halfway by taking money from the discretionary regional transport fund and trying to upgrade the A1 incrementally, starting with the accident black spots, and by cutting a deal with the Department that if we paid our half, it would pay its half. That would have taken longer, but the sums of money involved would have been relatively small, year on year, and we would have got the work done. We could then have built on that, and met the right hon. Gentleman in his constituency—indeed, we would have been able to drive up there—in a timely way. So I did have a plan for taking that forward. I accept that it was not ideal, but most people thought that it was the best way to set about dealing with the problem. In less constrained times, it might be the way forward.

I want to draw my remarks to a conclusion now, because I know that other hon. Members have a few points to make. It is my view that the direct involvement of a regional Minister worked well for our region. The Prime Minister has said that he wants to appoint area-based Ministers from among his team, and I urge him to get on and do that. The structure that would work best for our region would involve a regional Minister, a single private sector-led development agency, some regional presence by large UK Government Departments, strong private sector engagement and collaborative working across the agencies. This would preserve what we had before the general election. The focus should be on private sector priorities. I urge the Government to look again at the poor use they are making of scarce resources in the north-east, and even at this late stage to consider different structures more appropriate to the particular economic development needs of the north-east of England.

Several hon. Members *rose*—

Mr Speaker: Order. A few Members still wish to speak, and I would ask them to help me to help them to accommodate as many of them as possible in the remaining time.

9.44 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): The right hon. Member for Newcastle upon Tyne East (Mr Brown) has done the House a service by having this debate and by mysteriously working out in advance that we would finish our other business early tonight, leaving more time for other Members to participate in an Adjournment debate. He put forward a number of constructive points. In that spirit, I shall not dwell on the things that I think the previous Government should have done in their time of office, although we need serious recognition that we face a very difficult financial situation in which the money is simply not there to operate on a basis that seemed feasible just a few years ago.

Those who tried hard to get the region to adopt the idea that it should make its own decisions and, indeed, have a democratic mechanism with which to do so found that the voters in the region were not persuaded, so our attempt to have a regional assembly was firmly rejected by them. We have to take proper account of that, along with the rejection of the unitary authorities that the Labour Government went ahead and created. We have to recognise that in straitened financial circumstances the scale of the apparatus in the form of the regional development agencies and the Government office for the north-east is just not suited to the time. We cannot afford to use resources in that way. When we have much more limited resources, we have to focus more, so let me put some quick points to the Minister about what I believe the Government should do.

First, they should ensure that the important development sites that One North East had in its possession remain available for development purposes, using the resources of the local authorities and the economic partnerships. Not all the sites or all the buildings owned by One North East fall into that category—it owned all sorts of properties—but key development sites purchased and assembled for that purpose must remain with organisations that can develop them in partnership with the private sector.

Secondly, as the right hon. Gentleman pointed out and others have said, bidding for European funding remains crucial. We need some facility to do that, so it is vital that an appropriate small team of people is retained within the public sector to lead the bidding process. Whether my hon. Friend the Minister can yet say whether discussions on that have been completed, I do not know, but I think it vital, as I have said, to have a team located within the public sector structure to lead that bidding process and to use some of the people who were employed by One North East and developed the relevant expertise. I look to my hon. Friend to find a way of doing that.

Given the removal of One North East's tourist responsibilities, we need to encourage new, more locally based tourist organisations to work on behalf of the region. I remember just how controversial it was when One North East took over tourist responsibilities, as many small businesses in my area did not want that to happen. We have suffered from the fact that One North East did everything in-house, so the ban on Government advertising hit our region immediately, whereas other regions had contracted out the work so that advertising continued.

I welcome some of what the Government are doing. I welcome the regional growth fund, for example, but I do not believe that it will be able to stick with a £1 million threshold for all projects—that is, I am sure, just an initial stage. I also welcome the national insurance holiday.

Our region has great potential in its work force and great potential in that it is an area of relatively reasonable housing costs in comparison with other parts of the country. It is a beautiful region in which to live and to which to attract people, whether they be business men or future employees. We have a region with tremendous prospect, but one that desperately needs to shift the balance to a much larger private sector element, with less dependence on the public sector. There is consensus across the House that we need private sector-led growth. I look to Ministers to ensure that they direct the necessary support—in more economical ways than were possible or that, perhaps, were rather wastefully possible in earlier times—to enable that to happen.

9.48 pm

Mr Kevan Jones (North Durham) (Lab): I congratulate my right hon. Friend the Member for Newcastle upon Tyne East (Mr Brown) on securing this debate. I would like to concentrate on one private sector that is vital to the north-east economy, namely the tourism sector. It is worth £4 billion annually to the region and it accounts for some 5% of regional employment with 64,000 jobs.

I would like to congratulate One North East on its work on tourism, which provided a significant regional focus. I am sorry but the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) was wrong, as the delivery of tourism was devolved to local areas of Northumberland, Durham, Teesside and Tyneside, which worked very effectively. It galvanised the north-east's ability to promote its image not just regionally, but nationally and internationally.

The Passionate People, Passionate Places campaign was pioneered by One North East. I want to record my thanks to Stacy Hall, director of tourism at One North East, and also to someone who is very much a private sector individual—Geoff Hodgson, who chaired the North East Tourism Advisory Board and who has been one of the biggest critics of what the Government are doing to tourism in the region.

Over the past few years there has been growth in the tourism sector, which has become confident and able to promote the north-east to potential visitors not just internally but externally. All that, however, has been cast aside by the simple fact that One North East can no longer spend any money on promotion and marketing. The fantastic support given by the Passionate People, Passionate Places campaign to businesses both large and small, such as the Beamish museum in my constituency and even small bed-and-breakfast establishments in the constituency of the right hon. Member for Berwick-upon-Tweed, has been removed and has not been replaced. That has placed our region at a disadvantage in comparison with other regions which can continue to promote themselves at our expense.

I do not accept the suggestion that the north-east did not promote itself well, and nor do most people in the tourism sector to whom I have spoken. I also see no hope in what has replaced it. There is no money there. The local enterprise partnership will prove to be a mere talking shop with no real money to conduct the regional marketing campaigns that we need. I am not talking merely about competing for tourism with other parts of the United Kingdom; I am talking about international opportunities. For example, when the Emirates airline launched its successful flights from Newcastle to Dubai, One North East was able to work with it and other partners throughout the world to promote the north-east. No single LEP will be able to do that, and the opportunity will not be replaced. Businesses in the north-east and the tourism sector are already suffering as a result of the short-sighted decision to stop One North East promoting the region as a whole.

The ability of local government to become involved in tourism has also been affected. In August last year, the Prime Minister made a speech in which he promoted the tourism industry and spoke of its importance to the economy of the United Kingdom. He said,

"Tourism is a local industry."

He said that it counted on the support of local people and could not be directed from Whitehall, and I entirely agree with him. As my right hon. Friend the Member for Newcastle upon Tyne East pointed out, the north-east is a good example of a region in which elements have come together to promote it effectively.

Tourism is not a sector that we can dismiss. It provides jobs in not just large but small enterprises. The Prime Minister said that it was a "vital part" of rebalancing the economy of the north-east, but he also said something very ironic. He said that

"Local authorities must be allowed to invest"

in

"their own communities."

Meanwhile, his Secretary of State for Communities and Local Government was changing the formula funding for local authorities so that it was based on foreign occupancy per night, which lost the north-east some £5.9 million in local authority grant—and guess who gained? London boroughs gained £60 million. Now Durham county council, which is so proud of its great attractions—such as the Beamish museum in my constituency, Durham cathedral and the beautiful countryside in the constituency of my hon. Friend the Member for Bishop Auckland (Helen Goodman), to name but a few—is being asked to accept a 40% cut over the next four years. The idea that local authorities will step in to meet the shortfall is absolute nonsense.

Roberta Blackman-Woods (City of Durham) (Lab): Does my hon. Friend agree that the severity of the cuts in the council's budget are threatening even important facilities such as our tourist information centre, which, like those in other cities, is critical to increasing tourism?

Mr Jones: Well, it is a double whammy for those areas because not only has the money gone that was devolved to them from One North East, and which was spent very effectively in Northumberland, County Durham, Teesside and Tyne and Wear, but local authorities are now also struggling to afford to fund important things like tourist information centres. It is an absolute scandal for the tourism offer for a world heritage site such as Durham not to be well packaged.

It seems that this Government just do not get it. The Minister has never been to the north-east, for example, even though the right hon. Member for Berwick-upon-Tweed and I asked him to visit a few months ago. They just do not get it. By way of example, I cite the idea that regionalism is bad, whether it be the regional office or One North East, and that other sectors will somehow meet the funding challenge, when in fact they will not.

I ask the Minister and the Government to listen not only to politicians, but to the people in the region who know. They are not necessarily elected officials. They might be people like Geoff Hodgson, who has a highly successful business career in the publican sector, and who knows something about what the private sector in the region needs. The Minister should listen to people like him.

Grahame M. Morris: Does my hon. Friend share my concern about the coalition Government's decision to suspend grants for business investment, which I understand brought £112 million into our region and supported 25,000 private sector jobs?

Mr Jones: Exactly, and a lot of those grants, which a lot of businesses in the tourism sector need, are actually quite small. The idea that they will benefit from any of the money from the regional growth fund is absolute nonsense. The advantage of One North East devolving money to the regional tourism boards was that they could react locally by giving small amounts of money that those types of businesses needed.

The Minister recently told me and the right hon. Member for Berwick-upon-Tweed that we should leave it all to VisitBritain and VisitEngland. I am sorry, but my response to that is, "Forget it." I used to serve on the north-east tourism board, and my mystery shopper activity every month when I was down in London was to go to VisitBritain's tourist information office on the Strand to see what promotional material it had on areas other than London and the south-east. It had absolutely nothing. Its approach is London-centric and south-east-centric, and if anyone thinks the north-east of England gets a fair deal in promotional terms out of VisitBritain, they can forget it.

The Government must rethink their strategy. They must listen to the people in the know, who have done a very good job, and pay tribute to them for their work over a number of years in promoting both the north-east and jobs in what is a vital sector.

9.58 pm

Roberta Blackman-Woods (City of Durham) (Lab): I pay tribute to my right hon. Friend the Member for Newcastle upon Tyne East (Mr Brown) for securing this debate, which is very important for those of us in the north-east. I also pay tribute to him for the tremendous work he did in the region as regional Minister. It was a great pleasure to work alongside him as the deputy Minister, and I can certainly confirm that he put great effort into securing investment for the north-east and trying to improve our economy even in very straitened circumstances.

All of us know the huge impact deindustrialisation had on the region's economy in the 1980s, resulting in very high levels of unemployment for many years. However, the situation had begun to change by 2005. During 2005-06, the north-east had one of the fastest growing regional economies in the UK. Its economy doubled in size over that decade, adding almost £13 billion to overall output. In the mid-2000s, the region was also experiencing very high rates of business registrations, bringing it somewhere near the UK average, and unemployment rates compared with the rest of the UK were narrowing. That is a very important statement to make, because it shows what can be achieved in the north-east with everyone pulling together and with investment being made in the right areas. That improvement was also built on upskilling our population and, in particular, ensuring that we invested in our young people.

10 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—*(Miss Chloe Smith.)*

Roberta Blackman-Woods: We saw very early on that there was a need to invest in the future work force and that a great many future jobs in the north-east were likely to come from the development of the green economy. The north-east was the first region in the UK to be designated a low-carbon economic area and that brought with it developments in the universities and the industrial sectors. That confirmed the region's huge potential to be a leader in the development of green energy, including green cars.

Mr Iain Wright: My hon. Friend has a particular passion for education and for upskilling our region so that it fulfils its potential. What impact does she think the abolition of the education maintenance allowance will have, particularly in our region?

Roberta Blackman-Woods: I am grateful to my hon. Friend for that intervention, because it demonstrates how this Government simply do not understand the needs of regions such as ours and the needs of young people in regions such as ours. Some 67% of the young people who attend my local further education college rely on EMA and they are telling me that they do not know how they will be able to continue their courses.

The previous Government recognised that money had to be put into developing the green economy. Some good examples of that include: the £20 million invested in a printable electronics technology centre in the constituency of my hon. Friend the Member for Sedgefield (Phil Wilson); the £12 million invested in biotechnology at Wilton on Teesside; and Clipper's development in Newcastle. I name but a few, and investment also came from the private sector, mostly through Nissan. So our Government were doing their bit and they were also putting money into universities to enable them to undertake further research. Narec, a centre of excellence, and the Durham Energy Institute also do really important work on coal gasification in our region.

Pat Glass (North West Durham) (Lab): My hon. Friend was talking about green jobs and industry. Does she agree that when we lost One North East, we also lost £1 million of funding that was going into the eco-village in Weardale, in my constituency? That would have created many green jobs in an area where jobs are scarce.

Roberta Blackman-Woods: My hon. Friend makes an excellent point. We know that County Durham's economy has suffered through the recession and we see few plans coming from this Government to correct the situation.

It is possible to argue that our region is well placed to become a centre of green energy production and green manufacturing, but for that to happen we need to continue to develop our skills base and there are worrying signs that that is faltering. I wrote to the Business Secretary asking what was going to happen to regional skills strategies, because they have been crucial for the north-east in developing the areas where we needed to reskill the population. The letter I received from the Minister for Further Education, Skills and Lifelong Learning said:

"The Government no longer...expects Regional Skills Partnerships to produce skills strategies"

or even to meet. He said that instead the work should be undertaken by local enterprise partnerships, which represent the correct "geographies". A number of us would query whether LEPs are the right level for discussing the skills

[Roberta Blackman-Woods]

needs of the region and for being able to identify opportunities for upskilling the population. This is extremely worrying, because we need to continue to invest in basic scientific research skills and in how to apply them to manufacturing.

Ian Swales: Can the hon. Lady give an example of how a regional skills strategy would deliver something new? She has just expressed what the strategy needs to be, but what else do we need to know?

Roberta Blackman-Woods: The hon. Gentleman has to realise that within the umbrella of green energy and manufacturing, many different skills are needed. The regional skills strategy was able to bring together universities, employers and the further education sector. They could then decide between them who was best placed to deliver those skills, but the structure that enabled that to happen has simply been removed. The Government are telling us that there is no need for those strategies, but I dispute that.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): The North East Process Industry Cluster was set up by One North East and was an exact expression of devolution to industrialists and local authorities. In the past two years, NEPIC has engaged with large industries, as well as with small and medium-sized enterprises, to get them to take on board apprentices—something which, at the end of this week, is very important.

Roberta Blackman-Woods: My hon. Friend gives an excellent reason why we need to continue with regional skills strategies.

I want to raise a few other issues relating to the skills agenda. The Government have also got rid of the 14-to-19 commission for skills, which is absolutely devastating. That body brought together all the deliverers of vocational education and made sure that apprenticeships were promoted in the region and in the correct areas. Again, there is absolutely nothing to replace that body and it is unclear how we are to ensure that apprenticeships are delivered in the region and that enough placements are available.

Lastly, I want to discuss the abolition of RDAs. We have to recognise that even in straitened times, the RDA could have delivered funding in the key areas that have been identified, particularly green energy and manufacturing. The money that is available—£61 million in 2011-12—has to be spent on existing projects, so there will be no new investment. As my right hon. Friend the Member for Newcastle upon Tyne East has said, all 320 employees are to be made redundant, with all that skills base going to waste. We do not know whether those people are going to get jobs in the region or will be able to pass on their expertise. That is a dreadful loss to the region and we do not think that LEPs will have the money to give employment opportunities to those people. We are all asking the Government to reconsider whether the structures they are putting in place will deliver the economic regeneration we want in the region, whether the structures are at the right level and whether too much of the infrastructure that will bring about the improvement that we all want has been removed.

10.8 pm

Helen Goodman (Bishop Auckland) (Lab): First, I congratulate my right hon. Friend the Member for Newcastle upon Tyne East (Mr Brown) on securing the debate, and on having been such an excellent regional Minister, defending the interests of all our constituents when he had that responsibility. I want to reinforce his central point about regional economic development being operated through consensus in our region, and how valuable that consensus and those partnerships have been.

When the global recession hit our region, manufacturing suffered in particular, and it seemed deeply unfair that our constituents in engineering, for example, were losing jobs because of the foolishness of bankers in London—but thanks to the action that the Labour Government took at both macro and micro level, we saw a number of improvements in 2010. For example, the future jobs fund produced 500 jobs in Durham. There was also the investment and support for Nissan, which other Members have mentioned. That had a knock-on effect throughout the automotive sector supply chain in the region.

There was also the work of the regional development agency, and I press the Minister to take to heart its important role in securing inward investment. That is not a power that local enterprise partnerships have; it has been taken back to Victoria street. I urge him to ask his officials to have a proper presence in the north-east on inward investment, because we are not confident that when sitting in Victoria street they have a clear picture of the nature of the region and its differences.

Thanks to the previous Government's work, a brand-new Thorn electric light bulb factory has opened in my constituency, which has secured 700 jobs. It works in partnership with Durham university and other private sector partners, and makes a huge difference. Things improved throughout 2010, to the extent that a £45 million retail development site was opened in the constituency, and manufacturing is clearly past the bottom of the recession, now that customers have stopped de-stocking and things seem to be improving. I visited the Berco factory in my constituency, for example, which opened only last Friday.

However, just as things seem to have turned around thanks to all the efforts of the Labour Government, our region is facing deep spending cuts. I want to draw to the Minister's attention the impact that the cuts will have not only on the public sector, but on the private sector. In my constituency alone, Building Schools for the Future cuts amount to £100 million, which would have been £100 million-worth of business for the local construction industry. The same is true with cuts in the Home Office and Ministry of Justice capital programmes. All that will have a knock-on effect on firms in my constituency, and I could take him to those firms to show him the jobs that are likely to be lost as a result. In addition, cuts in benefits and working tax credits will have an impact on the retail sector. Cuts in tax credits will have an impact on small businesses such as those involved in child care. Those will all have knock-on effects that Ministers must take into account.

Mrs Mary Glindon (North Tyneside) (Lab): Will my hon. Friend give way?

Helen Goodman: In a moment.

The pathetic little tweak to national insurance contributions owed far more to politics than it did to economics. Everyone knows that the big barrier to small businesses is securing equity. That is what they need, not a little reduction in their national insurance contributions. It is not surprising that that initiative did not succeed, and I support wholeheartedly the Federation of Small Businesses, which wants it to apply to all new jobs and not just to wholly new businesses.

Ultimately, this is really a question of values. In my constituency, the Decent Homes programme has another 1,000 homes to complete, and for that it needs only £5 million—as much as one banker's bonus. We know that the Government have failed to tackle the banks and bankers' bonuses properly, which has an impact in our constituencies. In the week when Barclays announced yet again massive billion-pound profits, it has closed a branch in Shildon in my constituency.

Tom Blenkinsop: Does the Government's flagship policy of reducing corporation tax not actually aid financiers in London far more than it will any self-employed business in the north-east, as the majority of those businesses do not pay corporation tax?

Helen Goodman: My hon. Friend is right. Moreover, to cut corporation tax while cutting investment allowances is to bias the tax system against manufacturing, and I thought that everybody agreed that we needed to strengthen our manufacturing base.

One of the most important elements in economic development is for people outside the region to have confidence in us, and I have two examples of organisations that do have confidence in us. The first is GlaxoSmithKline, which wants to build a new plant. One of the shortlisted sites is at Barnard Castle in my constituency, and that would produce 1,000 jobs.

The second example is in tourism development, which my hon. Friend the Member for North Durham (Mr Jones) mentioned. Only this week, the director of the National Gallery said that if we could keep the Zurbarans at Auckland castle, he would be able to lend more paintings, develop a centre of artistic excellence and build our tourism industry. How much better it would be if, in addition to such support, we had the wholehearted support of the Government.

10.15 pm

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I, too, congratulate the right hon. Member for Newcastle upon Tyne East (Mr Brown) on securing the debate and on his work when he was a Minister. From his comments, he has shown his detailed knowledge of the region where his constituency lies, and in truth Members from all parts of the House will agree that he did an awful lot of work, with some success, for the region. It is right to pay tribute to that, but I think that his skills as a former Chief Whip enabled him to ensure that his debate took place this evening, so that a larger number of Members could join in. The fact that we have had so many Members in the debate has enriched it, and I have found many contributions insightful and interesting.

I make this observation to the right hon. Gentleman, however. Sometimes, in his initial remarks, he appeared rather over-rosy about what happened under the Labour Government—as if everything was just perfect in the north-east as a result of their policies. That is certainly not how I view the economic statistics. Equally, he was rather over-pessimistic about the future. In general, he, like many of his hon. Friends, failed to admit that this country has a huge problem with a massive deficit.

I am afraid that the deficit deniers were out in force tonight, but, when we in the Department for Business, Innovation and Skills had to grapple with the Budget by making our contribution to deficit reduction, we noticed and learned from some of the previous Government's plans. This has not been mentioned during tonight's remarks, but they planned to make similar reductions in the Department's spending—albeit over a slightly longer time scale, I certainly give the right hon. Gentleman that. The reductions would have been significant, however, and whenever we have debates about the Department, we never hear which programmes the Opposition would have cut if they had been returned to government. That whole issue clouds the debate, and the failure to address it undermines the case that the right hon. Gentleman and his hon. Friends make.

Grahame M. Morris: Will the Minister explain the issue of choices in connection with a point that the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) made about the coalition Government choosing to fund the upgrading of the A11 in Cambridge, but not the dualling of the A1 north of Newcastle?

Mr Davey: All Governments have to make choices, and my right hon. Friend was saying that the Labour Government failed to choose to upgrade the road that serves his constituency, so again I am afraid that they do not have as good a record as some Opposition Members would like us to believe.

Tom Blenkinsop: On choices, can the Minister say how many Liberal Democrat local authority group leaders agree with the Government's current policies?

Mr Davey: I believe that they all do, and I will explain why. They know that this coalition Government are improving the public finances, which is vital for the stability of our economy and for investment in the north-east and other regions, and are prepared to take the tough decisions which, if one were to believe what Labour Members have said, their party would have ducked.

I share the desire of the right hon. Member for Newcastle upon Tyne East to ensure that the north-east can share in sustainable, long-term economic growth. He made that case with passion, and the Government agree that we need to make such growth our overriding priority. We want to forge a new model for growth—one that is based on rebalancing the economy, both geographically and in terms of sectors, and which promotes innovation and boosts exports, not merely relying on consumption that is, in many cases, fuelled by public debt. That is why we have set up the growth review, which is a root-and-branch analysis of the barriers that impede business growth, and the structural reforms that we believe are needed to boost economic growth across the country. The initial phase is focusing on immediate priorities for business by improving the competition regime—on which I am leading—increasing exports, reforming the planning system, and cutting red tape and regulation. That will underpin this year's Budget. A huge amount of work is going on in that context.

[Mr Davey]

When my right hon. Friend the Business Secretary recently made a statement to the House about the trade and investment White Paper, the hon. Member for Bishop Auckland (Helen Goodman) said that she was worried about where inward investment would come from. I refer her to that White Paper, which talks a great deal about the importance of inward investment for all regions of our country. Many excellent firms in the north-east contribute to this country's manufacturing exports, and I believe that they will strongly welcome the policies and framework that the White Paper sets out.

In the meantime, we are introducing a range of policies intended to support enterprise so that companies can grow and create new jobs. Let me highlight just a few of those. We are cutting the main rate of corporation tax from 28p to 24p by 2014. We are reducing the small companies rate from 21p to 20p—not increasing it as the previous Administration had intended. We are cutting the unnecessary red tape and bureaucracy that hinders, rather than helps, UK firms. We are boosting adult apprenticeships funding by up to £250 million by the end of the spending review period to create up to 75,000 more places a year. We heard nothing about the apprenticeship scheme from Labour Members. It is a huge success. I do not know whether any of them took part in national apprenticeship week, as I did in my constituency. At many of those events, we noticed the enthusiasm of employers and their potential apprentices, with large numbers of people getting really excited about this new opportunity that the Government have provided.

Roberta Blackman-Woods: The Minister's attention was obviously diverted when I spoke about apprenticeships and the need not only to have apprenticeships but to be able to move people on into employment.

Mr Davey: I apologise to the hon. Lady if I did not listen when she was talking about apprenticeships, but I did notice her reliance on strategies for skills. What I found rather odd in several policy areas under the previous Government is that they spent a huge amount of money on forming strategies, and then, a year or two later, they were looking at another strategy. In my view, if we have a strategy, we should stick to it and implement it rather than keep changing it, as happened so often under the previous Government.

We are also striving hard to bring about a renaissance in the UK's industrial base, which has had some serious problems in recent years. Sectors such as advanced manufacturing are critical in creating a more diverse, resilient economy in future. That sector, among several others, is very much part of the growth review that my right hon. Friend the Chancellor will talk about in the Budget.

Tom Blenkinsop: The current GDP figures in Britain are incredibly worrying, although admittedly there has been an increase in manufacturing. However, that increase is down to inventory and raw material spending. At many manufacturing sites, short-time working agreements have been taken away, bringing the work force back to their previous contractual hours, which had been reduced.

Mr Davey: We are seeing the creation of new manufacturing jobs in the north-east. I hope that the hon. Gentleman welcomes that. I am glad that he has noted that manufacturing and manufacturing exports appear to be picking up. We cannot be complacent about that, which is why we are determined to do the things that I am outlining.

Phil Wilson *rose—*

Mr Davey: I will give way, but I do then want to make some progress.

Phil Wilson: I thank the Minister for giving way. Does what he said about manufacturing mean that the Government will give the go-ahead for the Hitachi factory at Newton Aycliffe?

Mr Davey: That was a good try, but the hon. Gentleman knows that I am not the Minister responsible for that decision. I congratulate him on his attempt. I would have thought that he would welcome much of what the Government are doing on matters such as apprenticeships, which I believe give businesses in the north-east a lot of the backing that they need.

Mr Iain Wright: Will the Minister give way?

Mr Davey: No, I am going to make some progress.

The area has a proud industrial heritage, and today its firms are establishing a competitive lead in a number of 21st-century industries, as the right hon. Member for Newcastle upon Tyne East said. The north-east has a strong reputation in areas from health care to life sciences, and from micro-electronics to cutting-edge low-carbon technologies. It accounts for more than 50% of the UK's petrochemical industry and about 35% of the country's pharmaceutical output. It benefits from a number of other economic assets: world-class universities, good transport links, and entrepreneurial citizens who are launching new businesses in growing numbers.

This Government recognise that Britain cannot rely on one sector in one part of the country for its national prosperity and the resulting policies that we are implementing to rebalance the economy will free the north-east to unleash its full economic potential at last. This Government also understand that if balanced economic growth is to be achieved across the country, policies cannot be dictated from Whitehall. That is why we are encouraging the formation of local enterprise partnerships across the country, which will work with the grain of functioning local economies.

Local enterprise partnerships will bring together local business and civic leaders to power the economic regeneration of their communities by focusing on creating the right local conditions for private sector jobs and growth. That is real power shifting away from central Government and quangos, and towards local communities and local businesses that understand the barriers to growth in their areas. The partnerships are free to focus on infrastructure investment, transport, skills and a host of other issues. I think it is good news that the north-east has two local enterprise partnerships, one covering the Tyne and Wear area and the other the Tees valley. They are busy identifying the economic priorities for their areas. I pay tribute to all business leaders who

have risen to this challenge. We have also set up a £1.4 billion regional growth fund, which is open to public-private partnerships such as LEPs, to kick-start economic expansion, especially in areas where private enterprise has not previously flourished.

The right hon. Gentleman made a number of points, and obviously he was particularly concerned about the abolition of One North East. I pay tribute to much of the work that was achieved by One North East. Anyone who analyses its record can see that it did good things in many areas. However, time moves on and we now have a huge budget deficit. We have to cut our cloth according to what we can afford—a fact that seems to be denied by Opposition Members.

Members not just of this Government, but of this whole coalition have been active in working hard with business to ensure that there are jobs in the future. I pay tribute in particular to my hon. Friend the Member for Redcar (Ian Swales) for his work, with the Secretary of State, on the problems of the Corus plant in Redcar. I hope that in due course we will have good news about the work to ensure that that plant continues and that jobs are not only saved, but extended. Much of that will be down to the work of my hon. Friend.

The Government share the right hon. Gentleman's desire to see the north-east flourish, along with the rest of the country. That is why we are going all out to create a business environment that gives companies the confidence to invest and grow, and why local communities are being freed from central control to determine their own economic future. That is the key to achieving economic regeneration and sustainable growth, both in the north-east and elsewhere.

Question put and agreed to.

10.29 pm

House adjourned.

House of Commons

Wednesday 16 February 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

Haiti

1. **Caroline Dinenage** (Gosport) (Con): What recent assessment he has made of the humanitarian situation in Haiti. [40971]

The Secretary of State for International Development (Mr Andrew Mitchell): Although the number of people in camps in Haiti has fallen by half to 800,000 since last July, Haiti continues to face serious humanitarian challenges.

Caroline Dinenage: The President of Haiti famously said that it would take a thousand trucks a thousand days to clear the devastation, but the people do not have a thousand days, because they are suffering disease and crime, and they do not have a thousand trucks. What more can the international community do to tackle the problem?

Mr Mitchell: My hon. Friend is right to identify the scale of the damage and of what is required to put it right. We are working directly on tackling the threat of cholera, and working through the UN and the World Bank on some of the more serious aspects of what needs to happen to bring the relief that is required .

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): I advise you, Mr Speaker, and the House, that my right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman), the shadow Secretary of State, cannot be here today because she is on jury service.

As well as direct assistance to Haiti, which we support, Britain has contributed more than $100 million through multilateral organisations such as the World Bank and the European Union, as the Secretary of State said. Does he agree that it is important for the UK to continue to make substantial contributions to such organisations if the world community is to provide the scale of long-term support for reconstruction that Haiti requires?

Mr Mitchell: The hon. Gentleman is right to put it that way. Britain was a key part of the immediate, emergency relief in the aftermath of those dreadful events in Haiti. There was generous support from across Britain through the Disasters Emergency Committee appeal, and we made a number of specific surgical interventions towards the end of last year, including the one to which I referred. Britain is not in the lead on Haiti—this is very much an American, French and Canadian lead—but we are, as he explained, giving strong support through international and multilateral agencies, including the UN and the World Bank.

Mark Lazarowicz: We certainly welcome the fact that British aid is helping the poor and most vulnerable in Haiti. We support that, but unfortunately, it is a different story just 100 miles north of Haiti in the Turks and Caicos Islands, to which the Department for International Development has just agreed to write an unprecedented loan of £160 million, which is much greater than any previous support for a British overseas territory. Surely the priority for DFID in the Caribbean should be meeting the needs of the poorest and most vulnerable in places such as Haiti, so may I ask the Secretary of State—

Mr Speaker: Order. The question must relate to Haiti and only to Haiti.

Mr Mitchell: The hon. Gentleman refers to problems some miles away from Haiti. However, if I may say so, he has a bit of a brass neck. We inherited a terrible mess in the area not far from Haiti to which he refers, and it is thanks to the brilliant work conducted by the Minister of State that the British taxpayer has now given a guarantee, which hopefully will allow the place not far from Haiti to sort out its problems without further cost to the British taxpayer.

Mr Speaker: We now know more about Haiti and some miles away.

India

2. **Philip Davies** (Shipley) (Con): What his Department's policy is on providing aid to India; and if he will make a statement. [40972]

The Secretary of State for International Development (Mr Andrew Mitchell): From now on in India, we will focus our support on three of the poorest states. Our programme will change to reflect the importance of the role of the private sector and private enterprise.

Philip Davies: India spends $36 billion a year on defence and $750 million on a space programme. It has one of the fastest-growing economies in the world and is developing its own overseas aid programme. Given that we must cut public expenditure in this country, will the Secretary of State accept that many of my constituents will think that such aid to India is now unjustifiable?

Mr Mitchell: That is why our programme in India is in transition, why we will focus on three of the poorest states in the country and why, over the next four years, up to half the programme will transition into pro-poor private sector investment. That is the right way for us to position our development work in the partnership with India, which is of course much wider than development, and which the Prime Minister very significantly re-energised in his major visit last year.

Barry Gardiner (Brent North) (Lab): I congratulate the Secretary of State on continuing with the £280 million each year to India. That is vital given that India has a quarter of the world's poorest people living within its

borders. How does he intend to focus the aid in those three states, particularly with regard to the health of young women?

Mr Mitchell: The hon. Gentleman is right that there are more poor people in India than in the whole of sub-Saharan Africa. He is right, too, that we should focus on the poorest areas, and particularly on the role of girls and women. Over future years, we expect to be able to assist in ensuring that up to 4 million women have access to income through micro-finance and through focusing particularly on livelihoods. We will also support, of course, the strong programme on education in India. About 60 million children have been got into school over the last four or five years, which is a tremendous tribute to the work of the Indian Government, but it would not have been possible without the intervention of aid and support from Britain and elsewhere.

Malcolm Bruce (Gordon) (LD): Does the Secretary of State agree that it is worth recording that to lift the poorest people in India out of poverty by $1 a day would cost $166 billion a year, so it is appropriate to continue our transitional arrangements with India? The International Development Committee will visit India next month and we will want to see how DFID's relationship with the country, albeit with a relatively small amount in comparison with the challenge of the problem, can deliver an accelerated reduction of poverty there.

Mr Mitchell: I am grateful to the Chairman of the Select Committee for that comment and also to the Select Committee itself for going to look with care at development in India and the operation of our programme there. He accurately identifies the scale of need. It is worth noting that the number of the Indian population living on less than 80p a day is 7.5 times the total population of Britain. That puts in context the basic nature of this need and shows why Britain's partnership is so important.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): Is the Secretary of State aware of the claims made by the Jubilee Debt Campaign and Jubilee Scotland that the work of the UK's Export Credits Guarantee Department has been funding work in India that is undermining development and human rights? I declare an interest in that I was until recently a board member of Jubilee Scotland. I ask the Secretary of State to investigate and report back to the House on that matter.

Mr Mitchell: The hon. Lady will have heard what has been said about the Export Credits Guarantee Department—that it is at the moment being looked at carefully to ensure that it supports our development aims. She might also like to look at the trade White Paper published last week, which specifically addresses the role of the ECGD in development and in supporting British exports overseas.

Friends of Yemen

3. **Rehman Chishti** (Gillingham and Rainham) (Con): On what date he expects the next Friends of Yemen meeting to take place; and if he will make a statement. [40973]

5. **Mark Pritchard** (The Wrekin) (Con): On what date he expects the next Friends of Yemen meeting to take place; and if he will make a statement. [40975]

The Minister of State, Department for International Development (Mr Alan Duncan): We expect the next Friends of Yemen meeting to take place in Riyadh at the end of March. I visited Saudi Arabia last weekend and was afterwards with the Foreign Secretary in Yemen. We are continuing to work with both countries to agree a firm date for the next meeting.

Rehman Chishti: Given the turmoil in the region, what is the Minister's assessment of the situation in Yemen and of the Friends of Yemen process? How will it stop the state failing and assist in an orderly succession and economic progress following the commitment by the President not to stand at the next election?

Mr Duncan: Recent events demonstrate more than ever the importance of the Friends of Yemen process to prevent state failure in that country. I welcome President Saleh's speech on 2 February, committing to follow the constitution of Yemen and not to seek re-election after 2013. Through the Friends of Yemen process, we will work to support political reform and the right of all Yemenis to participate legitimately and democratically in their political future.

Mark Pritchard: Is it not the case that a secure and prosperous Yemen is very much in the UK national security interest? Will my right hon. Friend inform the House what new measures have been put in place to ensure that those objectives are delivered?

Mr Duncan: We have seen substantial progress on many fronts since the New York Friends of Yemen meeting, and I particularly highlight the Yemeni Government's adherence to an International Monetary Fund financial reform programme and progress made towards completing their five-year development plan for poverty reduction. We are close to establishing a multi-donor trust fund for Yemen. The Riyadh Friends of Yemen meeting will continue the support of Yemen's friends for political and economic reform in the pursuit of democracy, stability and prosperity.

Keith Vaz (Leicester East) (Lab): I warmly welcome the Minister's visit to Yemen last week. I ask him to put one item on the agenda of the Friends of Yemen meeting—namely, the redevelopment and refurbishment of the Aden hospital, which has been ongoing for a number of years. Good health facilities would be of huge benefit to local people in what is one of the poorest countries on earth.

Mr Duncan: We do not tend to get involved in large infrastructure projects, but health in Yemen is at the top of our agenda. I well appreciate the right hon. Gentleman's close personal association with Aden, and I undertake to give the matter a special personal look.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Although I acknowledge the link between poverty and security, not least in Yemen, may I invite the Minister of State to confirm that DFID sees addressing poverty among the poorest people in the poorest countries as its supreme challenge and as being at its heart?

Mr Duncan: Yes, poverty reduction is at the core of everything that the Department does, but I urge the right hon. Gentleman to appreciate that no fragile country has ever achieved a single millennium development goal. Preventing state failure is much less costly than dealing with a failed state afterwards.

Palestine

4. **Mr Robin Walker** (Worcester) (Con): What development support his Department provides to the Palestinian Authority and to Israeli non-governmental organisations working in the west bank. [40974]

The Minister of State, Department for International Development (Mr Alan Duncan): We provide financial and technical assistance to the Palestinian Authority. In this financial year, our support will total £31.1 million. DFID also co-funds the UK conflict pool, which supports five Israeli human rights NGOs operating in the west bank.

Mr Walker: I recently took part in a delegation to Jerusalem and the occupied Palestinian territories of the west bank, and I refer the House to my related entry in the register. During the visit, we met many Israeli human rights organisations and NGOs involved in the peace process, some of which receive financial support from the UK Government. All of them were concerned at moves by elements of the nationalist right to crack down on and embarrass organisations in receipt of overseas funding, no matter how legitimate—

Mr Speaker: Order. I am extremely grateful to the hon. Gentleman, but this is Question Time.

Mr Duncan: My hon. Friend refers to a proposed panel of inquiry on the Israeli side, to look into the funding of its NGOs. Our ambassador to Tel Aviv discussed the issue with the Israeli ambassador to the UK, Ron Prosor, shortly after the Knesset vote on the issue. Officials raised the matter with one of the two members of the Knesset who had pressed for such funding investigation. We do not want such investigations to impede the legitimate work of NGOs in the west bank and elsewhere in the Palestinian territories.

Richard Burden (Birmingham, Northfield) (Lab): In light of the Minister's reply, does he share the concern expressed by Norwegian Foreign Minister Støre about the Israeli Foreign Minister's comments, which appear to delegitimise the work of brave NGOs such as B'Tselem and Physicians for Human Rights? It is important that the voices of those organisations, which are Israeli Jewish but express a different view from the Israeli Government, should continue to be heard.

Mr Duncan: I think that I can give the hon. Gentleman the assurance that he seeks. We are watching closely the treatment of the five NGOs concerned and we will do our utmost to ensure that they remain free to do their good work, even though some of their conclusions might disagree with the those of the Israeli Government.

Robert Halfon (Harlow) (Con): Is the Minister aware that an increasing amount of aid to the Palestinian territories ends up in the hands of extremists and is used for extremist purposes? Will he take steps to stop that and ensure that aid gets to the Palestinians who need it most?

Mr Duncan: I do not share my hon. Friend's conclusion. We are very careful how we spend our money in the occupied Palestinian territories and have done our utmost to support the legitimate government of Salam Fayyad with, I think, great success. We would abhor any money falling into the hands of extremists, and we do everything possible to ensure that such an accusation can never be verified or proved valid.

Rushanara Ali (Bethnal Green and Bow) (Lab): The Minister will know that many in the House and beyond continue to be deeply concerned about the desperate situation in Gaza. What efforts are the Government making to ensure that Israel lifts the blockade of Gaza, which leaves many dependent on UN aid? Given the situation in Egypt, will the Minister update us on the position at the Rafah crossing, and on what action will be taken to ensure that humanitarian aid can be delivered to those who need it most?

Mr Duncan: My right hon. Friend the Foreign Secretary and all Ministers make our views clear on this matter. Prime Minister Netanyahu and Tony Blair announced a package covering the west bank, Gaza and East Jerusalem on 4 February. Gaza measures included new reconstruction project approvals and a timetable for exports. We have welcomed that, but implementation in practice will be the key.

Simon Hughes (Bermondsey and Old Southwark) (LD): The Department's work on conflict prevention and resolution is much appreciated. Can the Minister assure the House that this work in the middle east—Palestine, Israel and elsewhere—will be continued in the forthcoming years, and that the budget for it will be protected, and perhaps grown, even given the wider budget obligations?

Mr Duncan: I absolutely share the views of my right hon. Friend. This is a crucial part of DFID's agenda, and essential to all the work we are doing in such a sensitive part of the world, so the answer is an unequivocal yes.

UN Women Agency

6. **Mrs Sharon Hodgson** (Washington and Sunderland West) (Lab): What plans he has to provide support for the new UN Women agency; and if he will make a statement. [40976]

9. **Tony Baldry** (Banbury) (Con): What plans he has to provide support for the new UN Women agency; and if he will make a statement. [40979]

The Secretary of State for International Development (Mr Andrew Mitchell): The coalition Government strongly support the new UN Women agency, which has the chance to make a hugely positive impact on the lives of millions of girls and women in the developing world. I look forward to receiving its strategic results plan, which will allow us to decide on funding by the British taxpayer for future years.

Mrs Hodgson: I thank the Secretary of State for that encouraging response, and for the part he and his colleagues have played in the establishment of UN Women so far. When does he anticipate he will come to a decision on funding for UN Women?

Mr Mitchell: We expect to see a strategic plan from UN Women probably in June this year, and as soon as we see it, we will be able to make decisions about British support for the agency. I am sure the hon. Lady and other Members will understand that I want to see the plan first, before committing hard-earned British taxpayers' money to it.

Tony Baldry: From the experience of the many visits my right hon. Friend has made across the world, does he agree that very often it is women who are the agents for change in development? Just as UNICEF has helped to support the focus on children, so it is to be hoped that UN Women can help support women as agents for change and development.

Mr Mitchell: My hon. Friend is absolutely right. We cannot even begin to address development without realising the centrality of girls and women in every aspect of what we do, and we share his aspirations for the role of UN Women within the international structures.

Sri Lanka

7. **Mr Virendra Sharma** (Ealing, Southall) (Lab): What recent assessment he has made of the humanitarian situation in Sri Lanka; and if he will make a statement. [40977]

The Minister of State, Department for International Development (Mr Alan Duncan): The number of internally displaced people in camps in Sri Lanka has declined from 300,000 in 2009 to 18,000 today. DFID has provided £13.5 million in humanitarian assistance since 2008, but our bilateral aid to Sri Lanka will cease in March, except for a new demining programme valued at £3 million.

Mr Sharma: Among those affected by the floods are many people who were earlier displaced by the conflict and who had recently returned to their homes only to be displaced again. Even before the floods, these people had been struggling to access much-needed protection and assistance because of Government restrictions on humanitarian organisations' access to the return areas. What pressure is the Minister putting on the Government to allow humanitarian organisations to have access to the former conflict areas, so that the suffering people there can be given the full help they desperately need?

Mr Duncan: We will continue to press the Sri Lankan Government to grant access to such areas for humanitarian purposes. More than 1 million people have been affected by the flooding. We looked very closely into the sort of support we should give, but the most immediate needs are covered by Sri Lankan authorities and other donors, so we are working principally through multilateral organisations to give the help that is needed.

Mr James Gray (North Wiltshire) (Con): The United Nations estimates that some 90% of Sri Lanka's rice crop will be destroyed by the recent flooding. That makes the Government's decision to stop all aid with effect from March quite worrying, because on top of all the troubles in that unfortunate country there is a very real risk of food security problems or starvation in the years to come. What is the Department prepared to do about that?

Mr Duncan: I urge my hon. Friend to appreciate the distinction between a continuing bilateral programme and humanitarian aid, which can be given as needs must. We will continue to review the humanitarian needs of Sri Lanka and work through multilateral organisations as required.

Sub-Saharan Africa (Midwives)

8. **Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): What support his Department is providing for the training of midwives and maternal health specialists in sub-Saharan Africa. [40978]

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): With more than half of maternal deaths globally occurring in sub-Saharan Africa, DFID funds the training of midwives and other health care workers through various channels— *[Interruption.]*

Mr Speaker: Order. I apologise for having to interrupt the Minister. Far too many private conversations are taking place. It is the height of discourtesy for Members to witter away, including from the Government Back Benches, when the Minister is trying to be heard.

Mr O'Brien: I am grateful, Mr Speaker.

DFID bilateral programmes directly support national health sector plans of partner countries and non-government organisation-implemented projects, and give support through multilateral organisations such as the World Bank and the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Dr Poulter: I am sure the Minister is aware of data collected for the World Health Organisation that show disparity between the provision of maternal health services in more rural areas and in the slightly better-funded urban areas in many countries in Africa? Will he outline what the Department will do to help to address that problem?

Mr O'Brien: I am grateful to my hon. Friend for pointing out that important disparity. The UK Government recently announced the framework for results on reproductive, maternal and neonatal health, which directly seeks to address how that disparity can be narrowed. I have seen for myself in northern Nigeria how DFID supports midwifery services, with a scheme to train 200 midwives who are then posted to rural facilities, which is vital to ensure that the disparity is addressed.

Anas Sarwar (Glasgow Central) (Lab): I am proud to support Save the Children's "No child born to die" campaign, which seeks to make more life-saving vaccines available to the world's poorest and most vulnerable children. The Global Alliance for Vaccines and Immunisation summit is to take place in the UK later this year, and Save the Children is lobbying for the Prime Minister to represent the UK at that summit. What steps will the Minister to take to make sure that the Government are represented at the highest level?

Mr O'Brien: The hon. Gentleman is right; the Save the Children campaign is one that we follow closely. The GAVI conference will be hosted in London and we can confirm that it will have the full support of my right hon. Friend the Prime Minister, to show our commitment.

Official Development Assistance

10. **Mr Michael McCann** (East Kilbride, Strathaven and Lesmahagow) (Lab): When he expects to bring forward legislative proposals in respect of the 0.7 per cent. target for official development assistance. [40980]

The Secretary of State for International Development (Mr Andrew Mitchell): The coalition Government have set out how we will meet our commitment to spend 0.7% of national income as aid from 2013, and will enshrine that commitment in law as soon as the parliamentary timetable allows.

Mr McCann: Some may be reassured by the Secretary of State's answer and some may even be convinced by it, but I can tell him about a group of people who are not: his own loyal staff at DFID in East Kilbride who in August 2010 were told that there would be no mass loss of jobs from the Department, but last Thursday were told that a third of their jobs would be cut. Is it not the case that when this Government meet commitments, the truth and their commitments are strangers?

Mr Mitchell: The hon. Gentleman will be aware that all Departments across Whitehall are having to make economies because of the coalition Government's dreadful economic inheritance from his party. DFID is not immune from the cuts and will see reductions of some 33% in its administrative spend. I had the opportunity of speaking to all the staff at Abercrombie house just a few days ago to make sure that that was understood.

Duncan Hames (Chippenham) (LD): I applaud the Government's commitment to aid, but can the Secretary of State confirm that climate change adaptation funding, beyond the fast-start finance up to 2012, will be additional to the overseas development assistance pledge?

Mr Mitchell: As part of the Government's fulfilment of our historic pledge, we have set out specifically how climate change funding will rise as part of the overall budget.

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): Will the Secretary of State congratulate the Government of Kenya, the Global Alliance for Vaccines and Immunisation and all its funding partners, which include the United Kingdom, on the roll-out of their programme of pneumococcal vaccine on Monday? It will save thousands of children in Kenya and across Africa. We hope that it will be a rolling programme across the developing world.

Mr Mitchell: The hon. Gentleman is absolutely right to underline the tremendous success of the vaccination programme. When we announce the results of the multilateral aid review, we shall show how Britain will give a real impetus to vaccination. As the Under-Secretary has just said, we shall host the GAVI conference in London in June and it will be opened by the Prime Minister.

Aid Transfers

11. **Chris White** (Warwick and Leamington) (Con): What progress his Department is making on transferring aid from middle-income states to developing countries in greatest need. [40981]

The Secretary of State for International Development (Mr Andrew Mitchell): We have a clear responsibility to ensure that we target our aid where it is most needed and where it will have the greatest impact. I will shortly announce to the House the outcome of our major root and branch review of bilateral aid, which looked in detail at each country.

Chris White: Although I strongly support the Government's decision to stop aid to China, can my right hon. Friend explain what impact that will have on his ability to engage with China on development issues?

Mr Mitchell: My hon. Friend is right to say that the coalition made it clear on day one that we would end all aid to China and Russia, but we need to have a powerful and reinvigorated partnership with China on development issues, not only in the areas where we share deep concerns, such as on freeing up the trading system and on climate, but in working in third countries. For example, Britain is working with China now in the Democratic Republic of the Congo on a major infrastructure roads programme. We are doing that work together and it is extremely effective and successful.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [40932] **John Mann** (Bassetlaw) (Lab): If he will list his official engagements for Wednesday 16 February.

The Prime Minister (Mr David Cameron): I am sure the whole House will wish to join me in paying tribute to the following servicemen who have lost their lives in Afghanistan: Private Lewis Hendry from 3rd Battalion the Parachute Regiment and Private Conrad Lewis from 4th Battalion the Parachute Regiment, who died last Wednesday; and Lance Corporal Kyle Marshall from 2nd Battalion the Parachute Regiment, who died on Monday. They were all brave and dedicated soldiers who were serving in Afghanistan for the safety and security of the British people. Our thoughts and deepest condolences should be with their families, their loved ones and their colleagues. They will never be forgotten.

This morning I had meetings with ministerial colleagues and others, and in addition to my duties in the House, I shall have further such meetings later today.

John Mann: Like other Members, I associate myself and my constituents with the Prime Minister's tribute to our fallen heroes.

One man who also served his country is my constituent Doug Hunt who, with his wife Gladys, lives in Westwood care home, which is currently being fattened for privatisation by increasing its fees by £400—not £400 a year, not £400 a month, but an increase of £400 a

week. Would the Prime Minister like to answer Mr and Mrs Hunt, who are listening now, show some leadership and have these Tory cuts removed, or would he like to justify these increases to Mr and Mrs Hunt?

The Prime Minister: I will certainly look at the individual case that the hon. Gentleman raises, but far from cutting the money that is going into social care, we have increased by £2 billion the money going into adult social care because we know how important it is. It is not right to draw a false distinction between care homes run by local authorities and those run by the private sector. There is good practice and bad practice in both, but as we have seen in our hospitals in recent days, we need a change of culture in caring for our elderly to make sure they have the dignity that they deserve in old age.

Mark Lancaster (Milton Keynes North) (Con): My six-year-old constituent, Millie d'Cruz, is one of just 17 people in the United Kingdom to be diagnosed with the rare genetic disorder, MLD—metachromatic leukodystrophy. Unfortunately, the family must try to raise £200,000 to send her for treatment in Holland, even though the treatment may be available here in the UK. Can the Prime Minister look into the case and ensure that the family get the support that they deserve?

The Prime Minister: I am happy to do as my hon. Friend asks. A big change is taking place in medicine, where far more interest needs to be directed at genetic data and genetically inherited diseases, as this is how we will reduce disease and illness in the future. We are looking, for instance, at value-based pricing, whereby we try to share between companies developing new treatments and the taxpayer the cost of developing them, which could be a good way forward to make sure we get more treatments to more people more quickly.

Edward Miliband (Doncaster North) (Lab): I join the Prime Minister in paying tribute to Private Lewis Hendry from 3rd Battalion the Parachute Regiment, Private Conrad Lewis from 4th Battalion the Parachute Regiment, and Lance Corporal Kyle Marshall from 2nd Battalion the Parachute Regiment. All these men showed extraordinary bravery and dedication. Our thoughts are with them and their families and friends as they grieve for them.

We now know that inflation is rising, growth has stalled and an extra 66,000 young people are out of work. Can the Prime Minister tell us whether he thinks his strategy is working?

The Prime Minister: Of course today's unemployment figures are a matter of great regret, particularly in terms of higher youth unemployment, but I have to say to the right hon. Gentleman that youth unemployment has been a problem in this country for well over a decade, in good years and in bad. The level of youth unemployment actually went up by 40% under the last Government—an extra 270,000 young people unemployed. What we have to do is sort out all the things that help young people get back into work. There is a welfare system that does not help you get work, an education system that does not prepare you for work and back-to-work programmes that, under the last Government, simply did not work.

The right hon. Gentleman asked me what is happening in our economy. We are no longer linked with Greece and Ireland and those countries in the danger zone. We have a situation where market interest rates have fallen. Our credit rating is secured. There are 218,000 more people in work than there were a year ago. Above all, what I would say to him is what the Governor of the Bank of England said this morning:

"There has to be a plan A... This country needs fiscal consolidation to deal with the biggest budget deficit in peacetime".

Edward Miliband: The right hon. Gentleman says that we are doing so well compared with the rest of Europe, but we were the only major European economy in the last quarter of 2010 that had no economic growth and where growth went into reverse. Let me ask him specifically about youth unemployment. His own former chief economist said this morning that he thought that they were wrong to scrap the education maintenance allowance, wrong to scrap the future jobs fund and that they should have been building on it. I know that he likes to make an industry out of saying that the future jobs fund was the wrong thing to do, but what did he say before the election? He went to Liverpool and said that it was "a good scheme" and that he had been "inspired" by what he saw. Why does he not listen to young people and their families up and down the country and take real action to help them?

The Prime Minister: First, the economist from the Cabinet Office whom the right hon. Gentleman has just quoted also said this:

"I would not excuse the previous Government on this; they failed to wake up to the problem early enough."

What matters is whether work programmes are effective. I now have the figures for the flexible new deal, which was the absolute centrepiece of the last Government's approach to this matter. Let me give the House of Commons the figures, because I think that they show what has been going wrong. Of the 279,000 people who took part in the flexible new deal, how many got a long-term job? The answer is 3,800. It is not good enough. What we have been doing on welfare, education and back-to-work programmes is not good enough. All those things need to change.

Edward Miliband: What we actually discovered today is that the right hon. Gentleman's great new Work programme, which he is trumpeting as the answer to all the nation's problems, will have 250,000 fewer opportunities than were provided under the last Labour Government. We know that his view of social mobility is auctioning off a few City internships at the Conservative party ball, but frankly he is going to have to do better than that. The truth is that he is betraying a whole generation of young people. He is trebling tuition fees, abolishing the education maintenance allowance and abolishing the future jobs fund. Why does he not change course and help those young people who need help up and down this country?

The Prime Minister: First, let me answer the right hon. Gentleman on the Work programme, because this is important. For the last 20 years, in this House and elsewhere, people have been arguing that we should use the savings from future benefits and invest them now in helping people to get a job, and for 20 years the Treasury

has said no, including the time when he and the right hon. Member for Morley and Outwood (Ed Balls) were sitting in the Treasury advising. Now, for the first time, under this coalition Government, we will be spending the future benefits in order to get people training and into work. That will include, in some cases, spending up to £14,000 to get people, particularly those on incapacity benefit, a job.

The figures the Leader of the Opposition gives are wrong. The Work programme is the biggest back-to-work scheme this country has seen since the 1930s. Instead of being cash-limited and patchy, like his schemes, it has no limit and can help as many people as possible from all of those different categories. He mentions internships. I did a little research into his: he did one for Tony Benn and one for the deputy leader of the Labour party. No wonder he is so left-wing, so politically correct and so completely ineffective.

Nicholas Soames (Mid Sussex) (Con) *rose—*

Hon. Members: More!

Mr Speaker: Order. I want, and the House wants, to hear Mr Nicholas Soames.

Nicholas Soames: Does my right hon. Friend the Prime Minister agree that deregulation is an extremely powerful weapon in economic reform? Is he aware that the programme is not proceeding fast enough, and will he take personal charge to see that the whole process is hurried up?

The Prime Minister: I completely agree with my hon. Friend. One of the problems is the huge amount of regulations—particularly coming out of Europe—that we need to put a stop to before they are introduced. My right hon. Friend the Business Secretary is doing an excellent job with his one in, one out scheme, so that another regulation cannot be introduced until one has been scrapped, but I think we probably have to go further and faster and be more ambitious in scrapping the regulation that is holding back job creation in our country.

Q2. [40933] Mr Nick Raynsford (Greenwich and Woolwich) (Lab): Can I invite the Prime Minister to look ahead to the summer of 2012, when we will welcome millions of overseas visitors to this country? What does he think will be the abiding images that they take home with them? Will they be images of a brilliantly, successfully staged Olympic games? Will it be a fond memory of the warm welcome to London extended by the newly elected Mayor Livingstone? Or will it be a memory of the shocking images of homeless people all over the streets of London because of his Government's economic failure and harsh housing benefit cuts?

The Prime Minister: I notice that the right hon. Gentleman could not keep a straight face when backing Labour's candidate for Mayor, but I have to say that, if the Member who represents Greenwich cannot speak up for the Olympics, there really is a problem. This is going to be a great festival, and something that everyone who comes to our country is going to enjoy—and I look forward to welcoming them alongside Mayor Boris Johnson.

Q3. [40934] Julian Smith (Skipton and Ripon) (Con): This weekend, hundreds of people will arrive in Ripon to celebrate winning the Government's pilot for super-fast broadband in North Yorkshire, and to work out how we can connect the rest of the county in the years ahead. What message would my right hon. Friend give to delegates about the Government's commitment to rural broadband?

The Prime Minister: My hon. Friend is absolutely right: we have made a big commitment to that, with £530 million going into broadband investment, and that is absolutely vital, particularly for rural parts of the country, because we do not want them to be cut off from the information superhighway. I hope my hon. Friend will advise them about the opportunities of super-fast broadband—the business creation and job creation that it can mean right across this country.

Edward Miliband: Can the Prime Minister tell us whether he is happy with his flagship policy on forestry?

The Prime Minister: The short answer to that is no. As I have said before in this House, it is a consultation that has been put forward, and we have had a range of interesting responses to it, but what is important is that we should be making sure that, whatever happens, we increase access to our forests, we increase biodiversity and we do not make the mistake that was made under the last Government, where they sold forests with no access rights at all.

Edward Miliband: Even the right hon. Gentleman must appreciate the irony: he, the guy who made the tree the symbol of the Conservative party, flogging them off up and down this country. He says that they are consulting on the policy; they are actually consulting on how to flog off the forests, not on whether to flog off the forests. Is the Prime Minister now saying that he might drop the policy completely?

The Prime Minister: I would have thought that the whole point of a consultation is that you put forward some proposals, you listen to the answer and then you make a decision. I know it is a totally alien concept, but what is so complicated about that?

Edward Miliband: Everybody knows that the right hon. Gentleman is going to have to drop this ludicrous policy. Let me give him the chance to do so. Nobody voted for the policy; 500,000 people have signed a petition against it. When he gets up at the Dispatch Box, why does he say not that he is postponing the sale, but that he is cancelling it?

The Prime Minister: I think, once again, that the right hon. Gentleman wrote the questions before he listened to the answers, and I think the bandwagon has just hit a bit of a tree.

Mr Bernard Jenkin (Harwich and North Essex) (Con): May I take this opportunity to inform my right hon. Friend and, indeed, the House that the Public Administration Committee is today launching an inquiry into the big society? Does he share my hope that as we consider things such as volunteering, promoting charitable giving and decentralising public services, we will receive positive evidence from all parts of the House?

The Prime Minister: I do, and I am sure that, like everything that my hon. Friend does, it will be wholly supportive of the Government's position. He makes a very good point, which is that the big society is about more than just volunteering or support for charitable groups; it is about opening up public services, devolving power to the lowest level, and giving people the opportunity to play a greater part in the lives of their communities. I would have thought that people from across the House would recognise that the big state approach has failed and that it is time for something different.

Q4. [40935] **Mr Ben Bradshaw** (Exeter) (Lab): Is the Prime Minister's upheaval of the health service resulting in longer or shorter waiting times?

The Prime Minister: We want to see waiting times come down; that is the whole point of the reforms. I think that anyone who has watched what has been happening over the past few days, where we have seen the standards of care that some elderly people—*[Interruption.]* Well, I think that the country is also interested in the standards of care that old people are getting in our hospitals. This idea that everything is right and rosy in the health service after what happened under the former Government opposite has just been shown to be completely untrue. Do we need to change the system and make it more related to what GPs and patients want? Yes, we absolutely do.

Andrew Bridgen (North West Leicestershire) (Con): Will the Prime Minister join me in praising the work of the Conservative administration in my constituency, which has saved £1 million a year by cutting senior management and bureaucracy and protecting front-line services—measures unfortunately opposed by the local Labour group on the council?

The Prime Minister: My hon. Friend makes an important point, which is that we have made available all this information. Now, local councils have to set out their expenditure on every item over £500, so people can see how much money is being spent on salaries, how much is being spent on bureaucracy, and how much could be put into voluntary sector and other organisations. We have given local people the tools to hold their local politicians to account, and that is a thoroughly progressive step.

Q5. [40936] **Mr Brian H. Donohoe** (Central Ayrshire) (Lab): Can I first put on record my thanks to the Prime Minister for meeting a small delegation from my constituency on the whole question of unemployment in the Ayrshire area? Does he really think, however, that being part of the big society that he talks about means throwing youngsters on to the streets of the UK as a result of the cuts in housing benefit?

The Prime Minister: What we are doing in terms of housing benefit is what was set out in the manifesto that the hon. Gentleman stood on, which is to say that we should not be subsidising housing benefit for people to live in houses that taxpayers themselves cannot afford. That is the principle behind the welfare Bill, which will be coming before this House shortly, and I look forward to it getting wide-ranging support.

Duncan Hames (Chippenham) (LD): The Prime Minister has drawn comparisons between care homes and hospitals when discussing changes to disability allowance, which are out for consultation until Friday. Yet for those who, for reasons of disability, spend not just their latter years but their whole lives in care homes, this comparison simply is not valid. Will he ask his Ministers to look again at this?

The Prime Minister: My hon. Friend makes a good point. This is exactly what we have been looking at. The whole intention of the change that was announced in the Budget and the spending review was to make sure that there was not an overlap in the way that we were judging people in care homes and people in hospitals. I think that when he sees what is proposed in the welfare Bill, he will see that it meets his concerns.

Q6. [40937] **Michael Connarty** (Linlithgow and East Falkirk) (Lab): Sadly, since I first asked the Prime Minister about human trafficking in September, he has collapsed every Government initiative on the issue, including the excellent POPPY project, which rescues women from prostitution. Tomorrow, when I meet my colleagues from the Portuguese Parliament who are signing up to the human trafficking directive, where will I tell them that our Prime Minister has lost his moral compass on the issue of human trafficking?

The Prime Minister: What the hon. Gentleman says is completely wrong. The Government are supporting organisations that are helping on the issue of human trafficking. We are committed to ensuring that we have the best and toughest laws on human trafficking. I know that he works on this issue, as does my hon. Friend the Member for Wellingborough (Mr Bone), as have Members in previous Parliaments. It is not necessary to opt in to the human trafficking directive to give ourselves the strongest laws here in the UK. It is that that we should be doing, and that that I am committed to making sure we are doing.

Q7. [40938] **Jason McCartney** (Colne Valley) (Con): Labour-led Kirklees council is still obsessed with top-down housing targets, leaving my constituents worried that the beautiful green fields of the Colne and Holme valleys will be bulldozed—quite a few trees could be chopped down too. Will the Prime Minister confirm that the Localism Bill will give my constituents a real say in what developments go on in their area?

The Prime Minister: I can give that assurance, but I also make the point that under the top-down targets of the Labour party, house building in this country fell to its lowest level since 1923. The top-down, big-state solutions did not work. Through the new homes bonus and by rewarding local authorities that build houses, we are benefiting local communities that opt to have more homes and businesses, because that is part of the economic development that we badly need.

Q8. [40939] **Tony Lloyd** (Manchester Central) (Lab): The overwhelming majority of my constituents believe that the cuts to local government spending are not only too fast and too deep, but cruel and politically motivated. Will the Prime Minister tell the House why my constituents are wrong?

The Prime Minister: I tell the hon. Gentleman directly that I think the cuts being made by Manchester city council are politically driven and too deep. Manchester city council is having its grant cut by 15%—less than my council, for instance, which is being cut by 23%—and yet it is cutting services by 25%. I notice that it still has £100 million in bank balances, and that its chief executive is paid more than £200,000 a year. I think that people in Manchester will look at their council and say, "Cut out the waste, cut out the bureaucracy, start to cut the chief executive's salary, and only then should you look at services."

Q9. [40940] **Philip Davies** (Shipley) (Con): After votes for prisoners, we now have the potential for human rights legislation to give sex offenders the opportunity to come off the sex offenders register. Is the Prime Minister aware that my constituents are sick to the back teeth of the human rights of criminals and prisoners being put before the rights of law-abiding citizens in this country? Is it not time that we scrapped the Human Rights Act and, if necessary, withdrew from the European convention on human rights?

The Prime Minister: My hon. Friend speaks for many people in saying how completely offensive it is, once again, to have a ruling by a court that flies in the face of common sense. Requiring serious sexual offenders to sign the register for life, as they now do, has broad support across this House and across the country. I am appalled by the Supreme Court ruling. We will take the minimum possible approach to this ruling and use the opportunity to close some loopholes in the sex offenders register. For instance, we will make it compulsory for sex offenders to report to the authorities before any travel and will not allow them to change their name by deed poll to avoid having their name on the register. I can also tell my hon. Friend that a commission will be established imminently to look at a British Bill of Rights, because it is about time we ensured that decisions are made in this Parliament rather than in the courts.

Q10. [40941] **Nia Griffith** (Llanelli) (Lab): Given the difference in tone between "Drink Responsibly" and "Smoking Kills", what action will the Prime Minister take in response to the heartfelt pleas of my constituent Rachel Jones, who wants to see much harder-hitting labels on alcoholic drinks following the tragic death of her boyfriend, Stuart Cable, the former Stereophonics drummer?

The Prime Minister: I think we should be looking at what action we can take through the tax system to deal with problem drinks, which we are looking at, and at tougher minimum pricing for alcohol. That is where we should be putting our attention, rather than necessarily looking at labelling. Many of the problems that we have, such as people—particularly young people—pre-loading before they go for a night out, are related to deeply discounted drinks in supermarkets and elsewhere. That is what we should deal with first.

Q11. [40942] **Jonathan Evans** (Cardiff North) (Con): Thousands of younger women drivers in the UK face the prospect of massive hikes in their motor insurance premiums as the result of a perverse reinterpretation of the EU gender equality directive, carried forward by those on the Opposition Benches. What will my right hon. Friend say to encourage better risk assessment to avoid such unintended consequences?

The Prime Minister: My hon. Friend makes an important point, which is that because of how this issue has been handled, many people who face lower insurance premiums because of their risk profiles will have to pay more. I am afraid that it falls to me to speak an eternal truth to the House of Commons: on the whole, women have better safety driving records than men, but as a result of that judgment, they will not benefit from lower insurance payments. What that says to me is that we have to work much better at risk-assessing and then stopping so much of the damaging regulation coming out of Brussels.

Hazel Blears (Salford and Eccles) (Lab): The importance of internships in helping young people to get on in life has been much in the news lately. Will the Prime Minister therefore take this opportunity to express his support for the Speaker's new parliamentary placements scheme? It is a cross-party initiative backed by the hon. Members for Lancaster and Fleetwood (Eric Ollerenshaw) and for East Dunbartonshire (Jo Swinson) that will give people from working-class backgrounds the chance to come to Parliament, get vital experience of political life and be paid a living wage; and—who knows?—they may well be the politicians of the future.

The Prime Minister: I fully support what the right hon. Lady says. This is a very important scheme. As shadow Cabinet members in opposition we worked with the Social Mobility Foundation to give internships, and we will be doing it again as Cabinet members. It is a very important initiative and I very much welcome what the Speaker is doing.

Q12. [40943] **Charlie Elphicke** (Dover) (Con): What investigation has the Prime Minister made into the allegation that the IMF was bullied into toning down its assessment of the dangers facing the UK economy?

The Prime Minister: My hon. Friend makes an incredibly important point, which is that the IMF was reporting on the state of the British economy, and was arguing that we did have a structural deficit and that it was a problem. However, Labour attempted to gag the IMF when it was in power, because the previous Government did not want to own up to the mess that they had got this country into. Even now, the Opposition are still denying the fact that they left us with a dangerous fiscal deficit that is the cause of many of the problems that we face today.

Q13. [40944] **Jim Shannon** (Strangford) (DUP): The Prime Minister will be aware of people's concerns about the coastguard. This week a cross-party deputation from Northern Ireland consisting of four MPs from this House met coastguard officials. Is the Prime Minister aware that the figures from Bangor coastguard station show 654 responses over this past year? Does he think that one station could satisfactorily handle almost 10 times the current number of calls, should Bangor coastguard station be closed or the service be reduced from 19 coastguard stations UK-wide to an inadequate two stations?

The Prime Minister: I am very aware of this issue, and I know that the hon. Gentleman will be speaking to the Secretary of State for Transport about it. The point is this: the coastguard agency has to prove in the consultation that it wants to co-ordinate the number of offices that receive calls, in order to put more money and resources into the front-line service—the number of boats, rescue facilities and helpers. That is the aim of the policy, but I fully accept that that has to be proved to people in order to go ahead with the proposals being made.

Q14. [40945] **Gavin Williamson** (South Staffordshire) (Con): At my surgery on Saturday, a constituent explained to me that, with an ill husband and a young family, she had been told that she would be better off giving up her part-time job and relying on benefits. Will the Prime Minister assure this House that we will give people the incentive and the support to go into work and end the culture of welfare dependency left by the Opposition?

The Prime Minister: My hon. Friend speaks about this issue in an absolutely correct way. The fact is that for too long we have had a welfare system that pays people—it gives them an incentive—not to go out and work. The universal credit, which will be introduced through the welfare Bill, will mean that in every case, no matter how few hours someone works, they will always be better off in work and working more. That is absolutely right and long overdue, and I hope that it will have support from right across the House of Commons.

Mr Nigel Dodds (Belfast North) (DUP): In a week in which we have had revelations about the appalling level of health care for our pensioners, what is the Prime Minister saying to the elderly population of this country by proposing to change the inflation link for the uprating of benefits and pensions from the retail prices index to the consumer prices index, which will cost present and future pensioners millions of pounds in lost income? How is that fair? How does it protect the vulnerable?

The Prime Minister: The first point that I would make is that the state pension, under the triple lock, will be linked with whichever is highest, but we are also taking the step, which the last Government did not for 10 years, of re-linking the state pension with earnings. That is an absolutely vital step in giving people the dignity and security that they deserve in old age.

Q15. [40946] **Dr Julian Huppert** (Cambridge) (LD): The Government are planning to ask the House to extend the control orders regime until it is replaced by terrorism prevention and investigation measures. I am sure that the Prime Minister would not want the House to act without having all the necessary information, so will he assure all hon. Members that we will have sight of the TPIMs legislation before being asked to vote on the extension?

The Prime Minister: My hon. Friend makes an important point. Obviously, this is a very big change that we are making from control orders to the new system, and I am sure that the House will be consulted properly, and that proper prior sight of what is being proposed will be made. But he can get involved right now if he wants to, as the policy is being developed.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): Mr Speaker, in 2008, your review into communication needs described speech therapy services as a "postcode lottery", and, sadly, in 2010, a national survey of primary special educational needs co-ordinators showed that 57% had never heard of the Bercow review, and that services remain as inequitable now as they were then. In the national year of communication, and with "The King's Speech" having done so much to raise awareness of this issue, will the Prime Minister clarify whether the Government are planning to implement the recommendations of your review, and how they are planning to do that when local authorities are facing such huge cuts?

The Prime Minister: The hon. Lady will shortly see the Green Paper on special educational needs, in which we are giving priority to this area because, as I know from my own experience, getting hold of a speech and language therapist is often extremely difficult. Of course, as in every other area, there will be constraints in terms of resources, but I think we can do better by having a less confrontational system and making sure that more resources actually get to the parents who need them and who want to do the right thing for their children.

Sex Offenders Register

12.31 pm

The Secretary of State for the Home Department (Mrs Theresa May): The sex offenders register has existed since 1997. Since that time, it has helped the police to protect the public from those most horrific of crimes. Requiring serious sexual offenders to sign the register for life, as they do now, has broad support across the House, but the Supreme Court ruled last April that not granting sex offenders the opportunity to seek a review was a breach of their human rights—in particular, the right to a private or family life. Those are rights, of course, that those offenders have taken away from their victims in the cruellest and most degrading manner possible.

The Government are disappointed and appalled by that ruling. It places the rights of sex offenders above the right of the public to be protected from the risk of their reoffending, but there is no possibility of further appeal. The Government are determined to do everything we can to protect the public from predatory sexual offenders, so we will make the minimum possible changes to the law in order to comply with the ruling. I want to make it clear that the Court's ruling does not mean that paedophiles and rapists will automatically come off the sex offenders register. The Court found only that they must be given the right to seek a review.

The Scottish Government have already implemented a scheme to give offenders an automatic right of appeal for removal from the register after 15 years. We will implement a much tougher scheme. Offenders will be able to apply for consideration of removal only after waiting 15 years following release from custody. In England and Wales, there will be no automatic appeals. We will deliberately set the bar for those reviews as high as possible. Public protection must come first. A robust review, led by the police and involving all the relevant agencies, will be carried out so that a full picture of the risks to the public can be considered.

The final decision on whether an offender should remain on the register will be down to the police, and not, as in Scotland, the courts. The police are best placed to assess the risk of an offender committing another crime, and they will rightly put the public first. There will be no right of appeal against the police's decision to keep an offender on the register. That decision will be final. Sex offenders who continue to pose a risk will remain on the register, and will do so for life if necessary.

When we are free to take further action to protect the public, we will do so. We will shortly launch a targeted consultation aimed at closing four existing loopholes in the sex offenders register. We will make it compulsory for sex offenders to report to the authorities before travelling abroad for even one day. That will prevent them from being free to travel for up to three days, as they are under the existing scheme. We will force sex offenders to notify the authorities whenever they are living in a household containing a child under the age of 18. We will require sex offenders to notify the authorities weekly of where they can be found when they have no fixed abode. We will tighten the rules so that sex offenders can no longer avoid being on the register when they change their names by deed poll.

Finally, I can tell the House that the Deputy Prime Minister and the Justice Secretary will shortly announce the establishment of a commission to investigate the creation of a British Bill of rights. It is time to assert that it is Parliament that makes our laws, not the courts; that the rights of the public come before the rights of criminals; and, above all, that we have a legal framework that brings sanity to cases such as these.

I commend my statement to the House.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): This is an important matter involving some of the most serious crimes in society. I thank the Home Secretary for supplying me with the statement within the last half hour, but I must say that it is worrying that the Home Office has again allowed information to be given to the media before it has been given to the House.

The depravity and seriousness of sex offences, and the harm and damage that they do to victims, mean that the systems that we operate to protect the public must be paramount. We have an obligation to ensure that vulnerable children and other victims can be protected from such terrible crimes. As the Home Secretary knows, that is why the sex offenders register was established in the first place. The law rightly requires people who have been convicted of such serious crimes to meet further registration requirements once their sentences have been served, in the interests of public protection and to prevent further terrible crimes from taking place.

The priority now must still be public safety, and the protection of our young and vulnerable people. Those victims of crime have suffered and continue to suffer greatly because of the actions of sex offenders. We know, too, that many such offenders can still pose a serious threat to the public. The court judgment to which the Home Secretary has responded today itself quotes the research finding that just over a quarter of those imprisoned for such offences did reoffend. Those offences included some that were very serious, a large number of which were committed many years later.

Does the Home Secretary agree that, while of course proper and fair processes must always be followed for individuals through the courts, the protection of families and communities up and down the country is paramount? She has said that the new system will be tough. Let me say to her that it is vital to the safety and protection of children in particular, but also to that of other victims, that the new system is extremely tough if it is to have the support of the House.

The Home Secretary said that Parliament should decide the level of protection that is needed, and that Parliament should set the laws. However, she has given Parliament very little information today about the way in which the new system will operate. Will the new framework be enshrined in legislation? Will Parliament have an opportunity to debate the details? The Home Secretary will know that many Members of Parliament and members of the public will be very concerned about the possibility that any new framework might enable serious offenders to manipulate the system. It is essential that that is not allowed to happen, but it is also important for Parliament to have an opportunity to debate it to ensure that it does not happen.

Will the Home Secretary ensure that the focus is on public protection, rather than on the convenience or rights of those who have been convicted of serious

[Yvette Cooper]

crimes? Will she tell us how many offenders will be affected? Will she tell us what the level of the police assessment will be, and what standards the police will seek to meet as part of their review?

Will the police be given additional resources to do this? She will know that there is concern in the House about the police's resources and about whether they are stretched already as a result of the cuts the Government are making. Will she say what additional resources the police will have, what additional resources they will require and the number of people on whom they will be expected to carry out reviews as a result of the changes she is proposing? She will know that some police forces have already expressed concern that as a result of the 20% cuts they are facing, their need to respond and their need to try to keep as many people in neighbourhood policing as possible, many specialist units within police forces are coming under the greatest pressure as a result of the decisions she has made. What reassurance can she give the House and the public that there will be no increased risk to the public as a result of these changes and of pressure on the police?

I welcome the Home Secretary's proposal to consider other tighter measures on sex offenders, but does that have any implications for the changes that she appears to be making in the opposite direction to the vetting and barring provisions? She has also raised, as part of her statement, discussion of a Bill of rights. We would welcome a debate about that, although wider issues associated with written constitutions can also be debated. However, I am concerned at the form that this announcement has taken, because it is, in itself, a major announcement and the House should have an opportunity to have that debate and raise questions.

In conclusion, the Home Secretary will know that the public would be horrified if the rights, or even the convenience, of people who have been convicted of very serious crimes were to be put above the right to safety and family life of the public and of vulnerable people and vulnerable victims. She will know that Labour Members will not support any changes that will do that, and I hope that she intends not to do that. I look forward to her answers to the questions.

Mrs May: I can say categorically to the right hon. Lady that it is indeed the Government's intention to put the protection of the public first. Had she listened to my statement or read it beforehand, she would have noted that it says that in a number of places. We are appalled by the Court's decision. I would far rather not have to stand here saying that we have to make a change to the sex offenders register, but we do have to make a change. We will do so in the most minimal way possible to ensure that we do put public protection first, and that we give the police and others the ability to ensure that the public are protected from such serious and appalling crimes as have been committed by individuals on this register.

The right hon. Lady asked quite a number of questions. She asked whether we are making the protection of families paramount, and I have said that we are. She said that the system should be extremely tough and, yes, our intention is that it will be as tough as possible. That is why we have looked not only at what we can do in the minimal way to put this judgment into effect, but at ways to toughen up the sex offenders register regime—for example, by the requirement that we want to introduce for individuals on the register to have to notify when they are going abroad for at least a day. That is a toughening of the current system.

The right hon. Lady asked about Parliament's opportunity to debate this measure. It will be introduced through an order—a statutory instrument—so there will be an opportunity to debate it. She asked about the numbers who will be affected. That will be set out in the regulatory impact assessment that will accompany the statutory instrument. She asked about the process of consideration that the police will go through. They will be talking to all other agencies that have an interest in this area, so they will talk to the probation service, local authorities, social services, youth offending teams and a variety of other agencies to ensure that they have the best possible picture of the individual concerned in order to make the best possible judgment. I am sure that she will agree that the police are very clear about the importance of public protection. That is why I want the police to make these decisions; I believe that they will put public protection first. They will examine a series of issues, such as the seriousness of the offences originally committed and the age of the victims. They will address a range of issues when they are considering whether a review should be upheld and whether the individual should stay on the register.

The right hon. Lady asked about the ability of the police to deal with this. ACPO and the National Offender Management Service have been actively involved in putting together and shaping the policy. One of their considerations has, of course, been its deliverability. We are confident that the policy can be delivered, as is ACPO. Like us, ACPO wants to ensure that we have the toughest possible policy to protect the public. It is different from the vetting and barring scheme, where the problem was that lots of innocent people found themselves on it and were subject to its requirements. This proposal is about the people who have been found guilty of heinous crimes and is about making sure that we reduce the risk of reoffending to members of the public. As I have announced in relation to the Bill of rights, the Deputy Prime Minister and the Justice Secretary will make further announcements about that imminently.

Mr Peter Lilley (Hitchin and Harpenden) (Con): May I astonish my right hon. Friend by saying that I think there is some merit in the Court's decision, particularly in the way she has interpreted it? Does not this case illustrate the fact that rights are not absolute and that the rights of the victim have to be balanced against the rights of children and the public in general? The process of reconciliation is ultimately as much political as legal and Parliament should therefore always have the last word. Is it not a relief that this decision was taken by the Supreme Court and not by the Court in Strasbourg? Does she agree that we should resile from that as soon as possible?

Mrs May: My right hon. Friend tempts me down a route that it would not be appropriate to go down. On his first point, rights are not absolute. The article 8 right against which the judgment was made clearly is not an absolute right. I am sure that many right hon. and hon.

Members—indeed, all of them, I hope—are as concerned as I am when a court makes a judgment that puts the rights of a perpetrator above the rights of the public and individual victims. In a similar area, I find it incredible that we are not able to deport people who are linked to al-Qaeda and who have terrorist intent in this country because the court says that their rights mean that we cannot deport them, but the court is not looking at the rights of members of the British public. That is what we should be doing.

Mr Jack Straw (Blackburn) (Lab): I support the Home Secretary's views on the merits of the existing sex offenders register and her concern about the Court's decision, but will she confirm that under section 4 of the Human Rights Act 1998 there is absolutely no obligation on her or the House to change the law one bit? All the Court did was to issue a declaration of incompatibility and section 4 makes it absolutely clear that any decision following that is a matter for the sovereign Parliament. It would be entirely lawful for the House and her to say that the existing regime will continue without any amendment.

Mrs May: The right hon. Gentleman makes a point about the application of the Human Rights Act and the European convention on human rights and about Parliament having the final decision about what should happen. In this case, Parliament will have the final decision on what happens.

Tom Brake (Carshalton and Wallington) (LD): Does the Home Secretary agree that the right to respect for private life must not trump the safety of our children? Given the impossibility of tackling some offending behaviour of a sexual nature, even if reviews of notification requirements are granted, presumably she expects that those reviews will insist that the notification requirements are maintained. Is it also her understanding that the police decision could be subject to judicial review?

Mrs May: I thank my hon. Friend for his comments about the balance of rights. It is the case, I believe, that the police decision could be subject to judicial review. It is absolutely right that the police will look at all aspects of cases and take every consideration into account when deciding whether a review should be upheld such that the individual no longer remains on the register. I cannot second-guess any decisions that the police will take, but they will be making every effort to ensure that they are, absolutely, looking properly at these cases to ensure that the decisions they take enable them to maintain public protection.

Keith Vaz (Leicester East) (Lab): The Home Secretary has struck exactly the right tone today, and it is heartening to hear both Front Benchers being very clear about where they stand on this issue. Protection of the public is the most important consideration, but, in view of what the hon. Member for Carshalton and Wallington (Tom Brake) has just said, will the Government ensure that the appeal process is examined very carefully indeed so that it is as robust as possible and there is not a legal challenge? That will mean proper consultation with Parliament and a proper scheme, so that people are well aware that it is very tough indeed.

Mrs May: I take the right hon. Gentleman's point, and it is absolutely our intention that we should make the scheme as tough as possible and make it clear that it is about an ability to seek a review of a decision. We will frame it in the toughest possible terms and ensure that the process is absolutely right, so that we reduce the opportunity for it to be subject to any sort of judicial review once the decision is taken.

Mr Rob Wilson (Reading East) (Con): I support and welcome the Home Secretary's statement, but may I ask for a little more clarity? She said that the final decision on whether an offender should remain on the register would be one for the police. Will that be a matter for the chief constable, as at present, or will it be one for the police commissioner in future?

Mrs May: It will be for a senior police officer, who will be a chief constable or another senior police officer. It will not be a matter for the police and crime commissioner.

Mr David Hanson (Delyn) (Lab): In the unfortunate event of somebody being released from the sex offenders register because of this judgment, does the Secretary of State agree that it is imperative that the victim of the crime be informed of that variation?

Mrs May: The right hon. Gentleman makes an interesting point, and I am certainly willing to take it away and consider it.

Mr Robert Buckland (South Swindon) (Con): I welcome the Home Secretary's approach to this as being purely a police matter. There has been a common misapprehension that requirements to sign on the sex register are somehow court orders. They are not. They are not part of the sentence or the judicial process, and I therefore welcome the commitment to keep the matter firmly within the realms of police discretion.

Mrs May: I thank my hon. Friend, who brings his experience in the law to that point. It is absolutely right that the police will deal with the matter and make the decision.

Paul Goggins (Wythenshawe and Sale East) (Lab): I, too, welcome the rigorous approach that the Home Secretary is taking, and I say that as the Minister who took the Sexual Offences Act 2003 through Committee. Does she agree that given the highly secretive and manipulative behaviour of many sex offenders, it is highly unlikely that the offence of which they were convicted is the only crime that they have committed? Will she ensure in any review process that there is a clear onus on the offender to demonstrate beyond doubt that they are no longer a risk to the public?

Mrs May: I have a number of points to make to the right hon. Gentleman. Throughout the House, we all agree that Parliament needs to get the answer right for the sake of public protection. The police will be able to take other offences into account when they consider whether an individual should remain on the sex offenders register, and they will look as widely as possible at the behaviour of the individual in question, consulting as wide a number of agencies as possible to ensure that they make the best possible decision for the public.

Mr David Nuttall (Bury North) (Con): I welcome the Home Secretary's desire to tighten the loopholes in the sex offenders register, and particularly her proposal to prevent sex offenders from avoiding registering by changing their name by deed poll. I am sure she will be aware that deed poll is only one way in which a person can change their name. It is the most formal way, but not the most usual. Changing name by statutory declaration is quicker and easier. Perhaps she will consider that as another loophole that should be closed.

Mrs May: I thank my hon. Friend for raising that point. It is important that we examine the process of changing a name by deed poll and tighten the rules so that sex offenders cannot use them as a means of avoiding the need to register. He makes a valid point about statutory declaration, and we will certainly take it into consideration.

Ian Paisley (North Antrim) (DUP): The Home Secretary has said that the police decision on these matters will be final. I hope she agrees that if one offender gets off the sex offenders register, it is one too many. Will the victim be able to appeal against that decision by the police and try to overturn it?

Mrs May: No, there will be no appeal mechanism.

Mr Aidan Burley (Cannock Chase) (Con): I welcome the Home Secretary's statement, the key phrase in which was that public protection must come first. We may compare that with judges who have instead ruled that paedophiles' and rapists' rights to privacy must come first. What would she say to those out-of-touch judges in the Supreme Court who are now openly, proudly and provocatively saying that a paedophile's right to privacy is more important than children's protection from those who have committed evil sexual acts?

Mrs May: It is important that we balance the public's right to protection against the rights of the individual, but as I said at the end of my statement, it is time that we asserted that it is Parliament that makes our laws.

Steve McCabe (Birmingham, Selly Oak) (Lab): I congratulate the Home Secretary on adopting a much tougher approach than the Scottish authorities. Does she have any regrets that she did not overrule her officials and similarly reject the much weaker Scottish model for the retention of DNA profiles?

Mrs May: We have not in fact absolutely adopted the Scottish model in relation to DNA, and we have gone further than it has. We have adopted protections for those who are innocent, and that is different from the situation that we are considering today, which is about people who have been found guilty and are at risk of reoffending. We must deal with public protection in that regard. The rules that we propose for the retention of DNA are about enabling the police to have the tools that they need, but at the same time not putting the DNA of a lot of innocent people on the database.

Bob Blackman (Harrow East) (Con): I, like many others, am appalled by the Court's decision, but I welcome the Home Secretary's statement, particularly the part about tightening the rules. One concern will be about potential inconsistency of approach between different police forces. Highly manipulative people moving around the country may find themselves on the sex offenders register in one part of the country, but a decision may be made to take them off it in another part. How will she ensure that consistency is applied to the whole country?

Mrs May: My hon. Friend obviously makes an important point, but of course ACPO has been actively involved in putting the proposals together, as I said earlier, and it will be for ACPO to ensure that its guidance to forces across the country is appropriately strong and followed by all forces.

Mrs Jenny Chapman (Darlington) (Lab): My constituent, 17-year-old Ashleigh Hall, was murdered having been groomed by a registered sex offender on Facebook. When the Home Secretary is examining the loopholes, will she ensure that all sex offenders are required to register their online identities as well, and that any failure to do so is seen just as seriously as if they had failed to register the fact that they were living with young children?

Mrs May: The hon. Lady raises a valid issue about the use of new technology and the internet by sex offenders. If she would like to write to me about it, I will be happy to look into it.

Robert Halfon (Harlow) (Con): My constituents will welcome the taking-on of the Human Rights Act and its replacement with a Bill of Rights, particularly as it was a manifesto commitment. Will my right hon. Friend reassure my constituents and the public that sex offenders who have a right of appeal will not be removed from the register if they continue to pose a threat to the public?

Mrs May: The whole point of the review process is that it will be down to the police to assess whether there is a risk of reoffending. If there is considered to be a risk, the individuals in question will stay on the register.

Naomi Long (Belfast East) (Alliance): I thank the Home Secretary for her statement. She highlighted in it the difference in the approaches in Scotland and here at Westminster. Will she reassure us that differences between different devolved Administrations will not lead to people being able to be removed from the sex offenders register because of different thresholds being applied in different locations?

Mrs May: I reassure the hon. Lady that we will talk to the devolved Administrations. What I have announced will cover England and Wales, but we will talk to Scotland and Northern Ireland about the approach that we are adopting to ensure as far as we can that sex offenders do not move from one jurisdiction to another to get around the rules.

Mr Peter Bone (Wellingborough) (Con): I thank the Home Secretary not only for the content of her statement, but for the fact that she has come to the House so quickly and that the statement was not leaked in advance.

Yesterday, when the Justice Secretary was questioned on the establishment of a commission on the Bill of Rights, he said that it would be done very quickly.

Unfortunately, he was unable to answer my question on when that commission will report. Until we have a British Bill of Rights, I am afraid that the Home Secretary will be coming to the Dispatch Box to make more such statements.

Mrs May: I am tempted to point out to my hon. Friend that the statement may not have been leaked, but the Prime Minister covered one or two aspects of it in Prime Minister's questions.

On the Bill of Rights, the Deputy Prime Minister and Justice Secretary will imminently set out the arrangements for that commission and say how it will be formed, which I expect will include an end date.

Mark Tami (Alyn and Deeside) (Lab): My right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) asked about funding for specialist units, many of which were formed because of a failure in normal policing to find people on the register, and because police forces did not talk to each other. What guarantees can the Home Secretary give on funding for such specialist units?

Mrs May: Of course, how a police budget is distributed to the different departments of each police force is a matter for the chief constable. The hon. Gentleman will know what I am about to say because the Government have made this clear a number of times. Police forces can take a significant sum of money out of their budgets not by cutting specialist units and visible policing, but by dealing with procurement and IT, and through collaboration with other forces. It is not just me saying that; Her Majesty's inspectorate of constabulary says it too.

Guy Opperman (Hexham) (Con): I welcome the Home Secretary's commitment to close the loophole that allows sex offenders to go abroad for up to three days without notifying the police. The previous Government had since 1997 to close that loophole, but did not take such action.

Mrs May: I am grateful to my hon. Friend for making that point. I am just pleased that we could take that action today to ensure that we closed that loophole and the others that I mentioned in my statement.

Barry Gardiner (Brent North) (Lab): The Home Secretary has been absolutely right in setting her face against the judgment, but will she confirm that it remains lawful to insist that sex offenders stay on the register for life? Although the measures she has announced are strong and seek to protect the public, she does not have to take them—it would be lawful for her to keep to the higher standard of keeping them on the register for life.

Mrs May: We have already had one challenge on this ruled on by the Supreme Court, and there is the prospect of others. We have no further right of appeal through the Supreme Court mechanism, so we are introducing what we believe to be a tough set of measures that will address the issue. Of course, it will continue to be possible for sex offenders to stay on the register for life.

Rehman Chishti (Gillingham and Rainham) (Con): I welcome the Secretary of State's statement. I have appeared in Parole Board hearings. Can the Secretary of State confirm that the police officers who will make decisions will have all the information on an offender that is available in a Parole Board hearing, from judges' sentencing remarks on dangerousness, to pre-sentence reports and the offender's full record in custody, so that they can make a thorough decision, so that the public are fully protected?

Mrs May: That is absolutely our intention. The police should have the fullest information possible on which to base their decision on whether a sex offender should stay on the register. Indeed, I expect that when we lay the statutory instrument before the House, we will be able to go into more detail on the sort of information that will be available to the police.

Dr William McCrea (South Antrim) (DUP): I assure the Home Secretary that my hon. and right hon. Friends wholeheartedly agree with her statement. It is time to assert that Parliament makes the laws, not the courts. It is our duty as a House to protect the general public from those who perpetrate such horrific crimes. If it is the will of the House to strengthen our laws, instead of weakening them in the light of the Court's decision, we should assert the authority of the House.

When will consultation be held with the Northern Ireland Executive?

Mrs May: We will have discussions with the Northern Ireland Assembly and the Scottish Government shortly—we have held some discussions with the latter because they have taken some steps down this road already. These issues will come to Parliament for it to decide. The commission on the British Bill of Rights, which was announced today, is a step that the Government are taking to ensure that we bolster the ability of Parliament to set our laws. The previous Government introduced the Human Rights Act. I am afraid that they saw the problems that the Act created and did nothing—this Government are doing something about it.

Mark Pritchard (The Wrekin) (Con): I welcome the Home Secretary's statement, but how confident is she that the increasingly robust Supreme Court, and the European Courts with their extraterritorial reach, will not overrule her very firm and welcome announcement today? Is it not time to introduce a Bill of Rights very early indeed, rather than having a commission which may report sometime in the future—

Mr Speaker: I call the Home Secretary.

Mrs May: I see what my hon. Friend is getting at, but it is right to have a commission to look into the British Bill of Rights. The purpose of my statement was to set out a way forward that meets the requirement set by the Supreme Court, which should therefore not be subject to a further ruling by that Court.

Mr Alan Campbell (Tynemouth) (Lab): Will the victims be not only told of the outcome of the decision, but consulted before the decision is made?

Mrs May: As I said in response to the right hon. Member for Delyn (Mr Hanson), we will consider what information is available to the victim and their role.

Mr Philip Hollobone (Kettering) (Con): Residents in my constituency are absolutely fed up to the back teeth with human rights legislation and the way in which it is being used to promote the rights of bad people over the rights of good people. My right hon. Friend the Home Secretary said that when the commission on the Bill of Rights is established, an end date will be published. May I urge her to urge the Deputy Prime Minister and the Justice Secretary to choose an early end date, which we need so that legislation can be introduced in the House in this Parliament, so that the issue can be resolved once and for all?

Mrs May: Most Members of the House are fed up with the way in which decisions by the House are increasingly being overturned by the courts. I can reassure my hon. Friend that the Deputy Prime Minister and the Justice Secretary know well of his interest in this matter. As I said, we will ensure that we can take action to assert the rights of Parliament.

BILL PRESENTED

Welfare Reform Bill

Presentation and First Reading (Standing Order No. 57)

Mr Secretary Duncan Smith, supported by the Prime Minister, the Deputy Prime Minister, Mr Chancellor of the Exchequer, Mrs Secretary May, Mr Secretary Clarke, Mr Secretary Lansley, Mr Secretary Pickles, Chris Grayling and Maria Miller, presented a Bill to make provision for universal credit and personal independence payment; to make other provision about social security and tax credits; to make provision about the functions of the registration service, child support maintenance and the use of jobcentres; and for connected purposes.

Bill read the First Time; to be read a Second time tomorrow, and to be printed (Bill 149) with explanatory notes (Bill 149-EN).

Criminal Justice (Amendment) Bill

Motion for leave to introduce a Bill (Standing Order No. 23)

1.8 pm

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): I beg to move,

That leave be given to bring in a Bill to make provision requiring certain prisoners due to be considered for early release to complete a relevant offender management programme, where available; to require courts to take regard of mental health problems in sentencing; to make provision regarding minimum and maximum sentences; and for connected purposes.

There are currently too many anomalies in sentencing. People are given sentences that are not always appropriate to the crime they have committed, and sentences do not subsequently have regard to the progress that people make during their time in prison. The Bill would introduce new clauses to the Criminal Justice Act 2003 to address some of those anomalies, to ensure that courts have greater freedom to impose the sentence that they deem necessary, and to ensure that there is greater incentive for prisoners to partake of rehabilitation programmes so as to be considered for early release.

I therefore propose to add three new measures to the aforementioned Act. First, I would add new clauses to warrant that early release from both indeterminate public protection sentences and determinate sentences is incentive-based, not automatic. Secondly, I would add new clauses on maximum and minimum sentences. Thirdly, I would ensure that courts are given the right to have regard to mental health problems when sentencing convicted persons.

I shall speak first on the new conditions to be imposed on granting early release. Indeterminate public protection sentences have been a controversial measure since their inception. Under section 225 of the Criminal Justice Act 2003, where a person aged 18 or over is imprisoned for public protection but the court does not consider life imprisonment necessary, the convicted person may be imprisoned for a period of at least two years but less than life. The court sets a minimum period or tariff to be served before a prisoner can apply for parole. The measure was intended to be used sparingly but, presumably due to the inflexible requirements laid down by the Government, IPP sentences are being used more frequently than expected.

I believe that not enough thought is put into determining a prisoner's tariff and that because little focus is placed on putting these prisoners into rehabilitation programmes, there are thousands of prisoners on IPP sentences in our prisons who in many cases will be released without regard being given to the remorse shown or even to a prisoner's rehabilitation. Because of amendments made to the Crime (Sentences) Act 1997 by schedule 8 of the Crime and Disorder Act 1998, a person serving a sentence of imprisonment or detention for a term can be considered for early release after serving one half of that sentence. I believe that that needs to be put right.

My Bill will add a new clause to section 255 of the 2003 Act to the effect that a person serving an IPP sentence shall have that sentence reviewed by the Parole Board at least every two years. Furthermore, all persons serving IPP sentences must have access made available to relevant offender management programmes. When determining whether to recommend a person for release

on licence, the Parole Board should have regard to the availability and completion of these programmes. It is cost-effective to do this.

On a daily basis, 5,659 people are serving an IPP sentence, of which 2,229 are beyond their tariff. On average, these prisoners are serving 244 days beyond their tariff. It costs roughly £30,000 to keep someone incarcerated for 244 days. If we multiply this sum by 2,229, we get a figure of £68 million. By comparison, the cost of putting a prisoner through a rehabilitation programme would be £5,000 at most, which, multiplied by 2,229, comes to £11 million as opposed to the currently spent £68 million. Introducing this measure would thus be cost-effective and, I believe, beneficial to the protection of the public.

Equally, for prisoners serving determinate sentences, the Parole Board must be satisfied that they are of low risk to the public before they are granted early release. Under section 244 of the Criminal Justice Act 2003, when a fixed-term prisoner has served the requisite custodial period the Secretary of State shall release him on licence. Since 2005, those serving four years or more have come out after serving 50% of their sentence—regardless of the progress they have made while in prison.

My Bill would add a further subsection to this section, which would ensure that before releasing a person sentenced to four or more years in prison, the Parole Board must be satisfied that the individual is at low risk of harm to the public and low risk of reoffending. These amending provisions would ensure that incentives for rehabilitation are rewarded, but it is just as important that the courts be given greater freedom to impose the sentences they deem fit and have regard to the individual circumstances of each case.

To satisfy this requirement, I would add an additional new clause to the Act on maximum and minimum sentences. This would mean that when sentencing a person to a determinate prison sentence, the court shall state the maximum time that should be served and also the minimum term. The stated minimum term must be less than half the maximum sentence but no less than one third of that sentence. In passing sentence, the court should, of course, have regard to the seriousness of the offence and it may request a pre-sentence report from a suitably qualified employee of the relevant probation trust. The notion of introducing maximum and minimum sentences was included in the last Conservative manifesto.

I referred earlier to the importance of courts being able when passing a sentence to pay greater regard to the individual circumstances surrounding a case. The final new clause of my Bill, added to the Criminal Justice Act 2003, would mean that the courts could pay greater regard to psychological or psychiatric problems diagnosed in a person who has committed a violent or sexual offence. Under section 277, persons of 18 years or older who commit certain violent or sexual offences are given an extended sentence. However, in cases where a person has committed a serious crime and has subsequently been diagnosed—I stress subsequently diagnosed—with psychological or psychiatric problems, it is the feeling of many sentencers that an extended period of licence would be more appropriate both for the individual concerned and for the protection of the public. In many such cases, the disposal of a hospital order would be preferable, but that disposal is not currently available to sentencers.

In the Eriksson case decided on 26 November 2009, that was precisely the finding of Mr Justice Saunders, who presided over the prosecution of a person who stabbed and killed a man while she was suffering from a debilitating mental illness. In his sentencing remarks, Mr Justice Saunders said that this

"would clearly have been a case for a hospital order",

but that "that disposal" was "not open" to him. He wished to pass a sentence that would provide an appropriate level of protection for the public, although not one designed to over-punish because the defendant's culpability was low, owing to her mental illness. He expressed great frustration that Parliament does not allow sentencers to order an extended period of licence, which he called "an unfortunate omission" in sentencers' powers.

In that regard, I would add a new clause to section 277 to the effect that in determining whether to impose extended supervision, a court shall have regard to any psychological or psychiatric assessment that is carried out following the commission of the offence as well as the likelihood of the person being involved in further similar serious offending. I believe that these new clauses would make vital revisions to sentencing, would grant greater autonomy to courts to review the circumstances of each case and would reward the progress made in prison. I accordingly commend them to the House.

Question put and agreed to.

Ordered,

That Mr Elfyn Llwyd, Mrs Linda Riordan, Claire Perry, Chris Evans, Hywel Williams, Jonathan Edwards and Mr Robert Buckland present the Bill.

Mr Elfyn Llwyd accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 15 May, and to be printed. (Bill 150).

Opposition Day

[11TH ALLOTTED DAY]

Youth Unemployment

1.18 pm

Mr Liam Byrne (Birmingham, Hodge Hill) (Lab): I beg to move,

That this House believes that the Government was wrong to cancel the Future Jobs Fund that would have created 200,000 jobs for young people; further believes that the Government's economic policies have slowed economic growth, raised youth unemployment and created the highest graduate unemployment for over a decade; further believes that urgent action is now required to stop a generation of young people being lost to worklessness; and calls on the Government to commission an independent assessment of the Future Jobs Fund to report to Parliament before the Government's Work Programme is implemented and to evaluate whether a guarantee and requirement of work incorporated into the Programme would bring down youth unemployment in the short and longer term and limit steep rises in welfare payments.

I am glad that we have been able to force the Government to come to the House to debate the employment figures—or, rather, the unemployment figures—published this morning, because those figures will worry families, young and old, up and down the country. The headlines from this morning's numbers are bad enough—five quarters after the recession ended, unemployment is not going down but up; employment is not rising but falling—but the details are, I am afraid, even worse. Private sector employment is flat, while the number of public sector jobs is falling fast. It is becoming clear that the private sector is not creating jobs fast enough to absorb the redundancies that we know are coming down the line. There are now more women on the claimant count than at any time since 1996.

The consequences for young people are perhaps most serious of all. One in five of our young people is now out of work; the number of unemployed has risen again; we now confront youth unemployment of almost a million—the highest figure on record. That figure is a wake-up call to this Government to get their act together. The question we want the House to debate today is quite simply, what should the Government do next?

As if we needed it, this morning's figures are, if anything, fresh evidence of the need for a plan B on economic growth. We have rehearsed the debate in the House plenty of times over the past year, and I do not plan to do so again this afternoon. Suffice it to say that the Government are cutting spending too far and too fast. The recession having been over for a year, we would expect to see unemployment now falling fast, and yet it is not. Longer dole queues make the deficit not easier to pay down, but harder. The result is that working families end up paying the price.

Alok Sharma (Reading West) (Con): The right hon. Gentleman was part of a Government who presided over a record rise in youth unemployment. As his Government's policies clearly did not work over 13 years, should he not, instead of carping from the sidelines, get behind the policies of the coalition Government, who are offering a fresh start to young people in this country?

Mr Byrne: The hon. Gentleman makes a point that is central to the debate, to which I shall return in substance in a moment, after giving way to the Minister.

The Minister of State, Department for Work and Pensions (Chris Grayling): For the record, will the right hon. Gentleman confirm that last month's unemployment figure in this country was 2.498 million, and that this month's is 2.492 million?

Mr Byrne: The unemployment figures are getting worse, not better. This morning I heard the Minister quibble on the BBC that somehow unemployment in our country was stabilising, but the truth of today's figures is that private sector employment is dead flat, and the number of announced redundancies is growing by the day. *[Interruption.]* The Minister of State, Department for Work and Pensions, the hon. Member for Thornbury and Yate (Steve Webb) carps from a sedentary position, but he would be better off reverting to the advice that he gave to the Conservative party before the election about the importance of taking further steps to help get young people back to work.

Chris Grayling *rose—*

Mr Byrne: Before I give way to the Minister, let me finish this point, as I want to put a question to him.

As I said, the rise in the dole bill makes the deficit not easier, but harder, to pay down. Although the Chancellor likes to pretend that the welfare cuts are somehow hitting shirkers not workers, will the Minister confirm that once we factor out the lower uprating the truth is that more than half the cuts in welfare spending are hitting working families?

Chris Grayling: As the one who is intervening, I think it is my job to ask the right hon. Gentleman questions. Will he confirm that one of the bits of good news this morning is that, for the second month in a row, job vacancies in the economy have increased significantly? Does he agree that that is an encouraging development?

Mr Byrne: Any increase in vacancies is good news, but 40,000 is not an enormous increase, and when private sector employment is dead flat and public sector redundancies are mounting, I am afraid that it poses serious questions about whether unemployment will continue to rise over the next couple of years.

Toby Perkins (Chesterfield) (Lab): Does my right hon. Friend agree that, worrying as the youth unemployment figures are, the complacency demonstrated by the Government in debate after debate is even more worrying. We heard today from the Prime Minister that youth unemployment has been a problem for a long time, but the Government's policies are making the situation worse. In my constituency, 1,100 people will potentially lose their jobs as a result of Auto Windscreens going into administration this week. All we hear from the Government is complacency, rather than an admission that their policies are making this major problem worse.

Mr Byrne: My hon. Friend is right to highlight his constituency case, which has caused concern to families up and down the country. We saw figures today showing that earnings growth is now about half the rate of

inflation. At a time when the jobs market is weaker, that will contribute to a tighter and tighter squeeze on working families over the coming months.

Joan Ruddock (Lewisham, Deptford) (Lab): May I tell my right hon. Friend that in my constituency, in the first 10 years of the Labour Government, youth unemployment was halved? Then we had a recession, and of course it began to rise. Will not the Government's cuts to the Connexions service, Opening Doors—one of our local facilities paid for by central Government—and education maintenance allowance for students who are in the middle of two-year courses result in more young people going on to the dole?

Mr Byrne: My right hon. Friend is right. Unless we hear something of substance from the Minister, I am afraid that her prediction is all too likely to pan out.

When the squeeze on living standards is about to get tougher and tougher, one would expect action from the Government to help. In fact, more than half the welfare cut will hit working families, and by the end of the Parliament £3.4 billion will be taken off benefits for children—far more than the amount being taken off bankers. Putting aside the question of what kind of Government take more money off children than off bankers, if the Chancellor had done what he should have done, and implemented a proper bonus tax on the banks, he would have about £3.5 billion to invest in jobs and growth, including in jobs for young people. That must be the substance of our debate this afternoon.

Damian Hinds (East Hampshire) (Con): On the simple numbers, will the right hon. Gentleman confirm whether youth unemployment was higher or lower at the end of Labour's term in office, despite the golden economic inheritance that it had?

Mr Byrne: Let me respond to that point in substance in a moment, and I will invite the hon. Gentleman to intervene again. Right hon. and hon. Members on both sides of the House will want to ensure that we draw the right lessons from the past 13 years, as they have a critical bearing on the programme that we want the Government to put in place for the future.

There are real differences between Government and Opposition about the macro-economic approach that we should take. We also share some values. Many of us share a passion to attack poverty in all its manifestations. We believe that the poverty of some impoverishes us all, not only because it affects the chances of many to lead the life that they would choose, but because it denies many the chances, opportunities, free range and scope to contribute to our country's progress. I happen to think that the Secretary of State shares that belief, about which I feel passionately, as my constituency has the second highest unemployment in the country and, as this morning's figures confirm, the highest youth unemployment. I do not have to go far to see wasted talent—I see it, and think about it, when I go to work every day. That inspires the passion with which many of us think carefully about the programme that the country needs to get youth unemployment back down.

Mr Frank Field (Birkenhead) (Lab): If we are looking back on our period of stewardship and offering the Government lessons, does my right hon. Friend conclude, as I do, that one of our errors was not to introduce the future jobs fund earlier and put more resources into that than into the new deal?

Mr Byrne: We have learned many lessons from the future jobs fund, and there are many successes on which we can build. I will turn to that question in substance when I dwell on what we should learn from the past 10 years.

The key point, which my right hon. Friend underlines, is that the right strategy for the Government during the recession and the worst financial crisis since the 1930s, was not to sit by and do nothing, or to watch as unemployment went through 3 million not once but twice, but to act, to save jobs, to keep people in their homes, and to keep businesses moving.

Pete Wishart (Perth and North Perthshire) (SNP): The right hon. Gentleman will welcome the fact that, under a Scottish National party Government, only in Scotland is unemployment falling and employment rising. He will also welcome the fact that we introduced 25,000 modern apprenticeships in our budget. Can he offer any explanation of Labour in Scotland's opposition to that?

Mr Byrne: The right approach in the Scottish economy—where GDP growth has unfortunately been weaker than growth in the UK generally over the last period—is to build on the success of the future jobs fund and put in place not 3,000 opportunities for the future, but 10,000. That is the approach Labour will propose in the run-up to the coming elections.

Let us address Labour's record in office, a substantive point which has already been mentioned. When Labour came to office in 1997 some 656,000 young people were out of work. As our economy grew, we introduced a welfare to work programme that included creating Jobcentre Plus and the new deal, and which made sure that three quarters of our young people who went on to jobseeker's allowance were off JSA within six months. Setting aside those in full-time education—and we substantially increased the number of people in full-time education—that meant that the number of unemployed young people fell by some 20%. Indeed, between 1997 and the start of the global financial crisis the claimant count among young people fell by some 40%, and that was at a time when the number of young people in our country was rising; between 2000 and 2009 it rose by over 1 million. I think that Members will therefore forgive me for agreeing with the man who described the progress we made as "remarkable", and who said:

> "There is no question that the UK has made significant progress in the labour market over the last ten years."

That man was the Government's welfare reform Minister, Lord Freud.

Rehman Chishti (Gillingham and Rainham) (Con): If the last Labour Government's proposals and policies were such a success, why were one in five 16 to 24-year-olds out of work at the end of their period in office?

Mr Byrne: This may not have come up on the hon. Gentleman's radar, but there was the worst financial crisis since the 1920s at the end of Labour's term in office. During that crisis, Labour did the right thing by acting to get people back to work, to keep people in

[Mr Byrne]

their homes and to help keep business on the move. That was a policy and approach which the hon. Gentleman's party should have supported.

Rehman Chishti: The right hon. Gentleman says that those economic difficulties arose towards the end of Labour's time in office, but the increase in unemployment started back in 2001, not near the end of its time in office.

Mr Byrne: The figures are very clear. Between 1997 and the start of the global financial crisis the number of young people on the claimant count fell by 40%.

Mr Marcus Jones (Nuneaton) (Con): The right hon. Gentleman and his party seem to blame the global financial crisis for every ill, but figures I received from the House of Commons Library this morning make it clear that, as my hon. Friend the Member for Gillingham and Rainham (Rehman Chishti) said, youth unemployment has been rising since 2001, yet the global financial crisis did not start until 2008. How does the right hon. Gentleman explain that?

Mr Byrne: The facts speak for themselves. Between 1997 and the start of the financial crisis the number of young people on the claimant count fell by 40%. Because of the changes we put in place, the number of young people coming off JSA within six months was about three quarters of the number going on. That is why Lord Freud—the Government's own welfare reform Minister—was right to say that the progress we have made was "remarkable".

Damian Hinds: I am sure the right hon. Gentleman recognises the value of international comparisons as well as time series comparisons, so does he acknowledge that in years before the onset of the global financial crisis, such as 2005, the number of young people not in employment, education or training in this country was higher than the OECD average, higher than the EU average, higher than in France, higher than in Germany and higher than in the United States?

Mr Byrne: The number of young people not in education, employment or training was lower, not higher, when Labour left office than when we came to office. Far too often, Conservative Members pray in aid that number—a number that is pretty static—but fail to acknowledge that the number of young people in our country increased by 1 million between 2000 and 2009.

Rehman Chishti: On the effects of the previous Government's policies, 279,000 people started on the flexible new deal, yet near the end only 3,000 were on it. That shows that the policy was a complete failure.

Mr Byrne: The hon. Gentleman forgets to mention that the flexible new deal was introduced in the middle of the recession when unemployment was high, so that is possibly not the best way to evaluate the success of getting people back into work. I am sure we will learn later precisely which elements of the new deal the current Government are continuing with in their Work programme.

Chris Grayling *rose—*

Mr Byrne: I will give way to the Minister in a moment, but first I want to talk about the recession. As this afternoon's interventions show, it is perfectly natural for Government Members to want to pray in aid figures from the beginning of 1997 and figures from the height of the recession. This point cuts to the heart of the debate we need to have this afternoon. When the recession hit, of course unemployment and the number of young people out of work rose, but we were not prepared to stand idly by and simply watch that happen, because we remember all too clearly the lessons of the 1980s when youth unemployment in this country spiralled up to 26%. Instead, therefore, we chose to act: we chose to expand student numbers and apprenticeships and the chance to work. That is why in the final two quarters of our time in office youth unemployment was falling, not rising, and by 67,000 or 9% by the time we left office. When the Minister intervenes, perhaps he will explain why, all of a sudden, that has now gone into reverse.

Chris Grayling: I am puzzled by a couple of points, and I wonder whether the right hon. Gentleman can answer them for me. First, he keeps referring to the claimant count. Can he confirm that on the claimant count measure youth unemployment is 75,000 lower now than it was at the general election? He also talks about the period before the recession. Why did the OECD publish a report in 2008 saying it was profoundly concerned about youth unemployment in the UK because it was rising here but falling in every other developed country?

Mr Byrne: I would expect the OECD to express concern about youth unemployment. Youth unemployment is a serious issue, which is why we are having this debate. We do not think the Government's plan is adequate to deal with the problem. That is why youth unemployment is not falling at present, but is going up, which is what this morning's figures said.

Youth unemployment in the final period of Labour's time in office, which was also a time of economic difficulty, fell by 67,000 or about 9%. Now all of that hard work has been undone. Since we left office, youth unemployment has not continued to fall. It has not even held steady; it has gone up and up and up. We cut youth unemployment even in the face of the economic storm, yet the current Government have failed to do so even with the winds of recovery at their back. They have watched it rise while the economy is growing. That takes some doing.

Mr David Lammy (Tottenham) (Lab): Does my right hon. Friend recall that two years ago during the passage of the Education and Skills Bill, we sought to extend the school leaving and training age from 16 to 18 but Members now on the Government Benches opposed that? How did that help youth unemployment at that time?

Mr Byrne: My right hon. Friend is right to raise that question, which underlines the dilemma so many young people now confront. With this morning's numbers now on the public record, it is clear that young people face a summer of anxiety. If they do not make the grades to

get into college—and we know the number of college places is now more limited—they will face a labour market that is tougher than ever. That is a worry for them and their families, and for older residents in this country who, having worked hard all their life, are now concerned about who will pay for the future.

Nick de Bois (Enfield North) (Con): Does the right hon. Gentleman not understand that there is one significant distinction in respect of the figures he is discussing, in that there was massive over-reliance on putting people into the public sector through many of these programmes as a result of the legacy of economic failure that we have inherited? Therefore, there is naturally now some shrinkage in the public sector. That is the big difference. We have to create real jobs in the private sector for the long term.

Mr Byrne: I genuinely appreciate the point that the hon. Gentleman is making and the argument he is rehearsing. Perhaps he could intervene again to let me know whether a job in the public sector is better than no job at all.

Nick de Bois: I am grateful to the right hon. Gentleman for his invitation. A job is very important to the individual, no one doubts that; but we are talking about dealing with youth employment by creating work in a real sector that will last. That is the difference. We will only deal with the problem when the private sector has the opportunity to deliver long-term sustainable jobs—however well intentioned the programmes to which the right hon. Gentleman referred.

Mr Byrne: The hon. Gentleman exposes the dilemma that now perplexes the Government's entire back-to-work programme. Figures issued this morning reveal that private sector employment is dead flat, yet public sector employment is falling fast. What has become clear from those figures is that because the Government have put the recovery in the slow lane, the private sector is not creating jobs fast enough to absorb the scale of redundancies that are being announced.

Albert Owen (Ynys Môn) (Lab): Before I became a Member I ran a centre for the unemployed during the 1990s, so I know how painful things are for people who are unemployed long term. The hon. Member for Enfield North (Nick de Bois) referred to public sector jobs. Let us make it clear: nurses and teachers have real jobs and provide real service to our communities.

My right hon. Friend the Member for Birmingham, Hodge Hill (Mr Byrne) is right to compare and contrast the recessions of the 1990s and the present. In my constituency, unemployment was 100% higher during the recession of the 1990s, because the programmes—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I understand the point the hon. Gentleman is making, but we must have shorter interventions. I am sure the right hon. Member for Birmingham, Hodge Hill has grasped the point.

Mr Byrne: I am grateful to my hon. Friend the Member for Ynys Môn (Albert Owen). As many of my hon. Friends are doing this afternoon, he underlines the point that right across the country, over an extended period of Labour's term in office, youth unemployment was falling fast. Unemployment can never be as low as Members want, but the question that confronts us is how to draw the right lessons from those overwhelming successes in getting people back into work and how to apply the lessons to the present crisis when one in five young people is not in work.

Andrew Griffiths (Burton) (Con): Perhaps I can help the right hon. Gentleman by making a short intervention. Does he believe that the previous Government's spending of £3.5 billion on programmes to get young people back to work while youth unemployment rose was good value for money?

Mr Byrne: I am not sure whether the hon. Gentleman was in the Chamber at the beginning of the debate when we explained the simple point that during the latter months of our term in office, when the recession was difficult, youth unemployment was not rising but falling. All that progress—the fall between the peak of youth unemployment and when we left office—has been undone in the months since May. The hon. Gentleman shakes his head, but it is a fact. That is why earlier this week the former chief economist at the Cabinet Office, Mr Portes, told the Government bluntly that the challenge of youth unemployment is serious. He told *The Times* that the Government were failing to address the scale of the problem. Without urgent action, he warned, hundreds of thousands of youngsters face a bleak employment prospect throughout the rest of their lives. That is why our motion calls on the Government to reflect again on the lessons of the future jobs fund, to commission an independent evaluation, draw the right lessons, learn from them, establish a more substantial programme for the future, and do it with urgency.

The future jobs fund is at the heart of the motion. Because we felt so strongly about the scourge of youth unemployment, a concern that is shared by many Members, we were determined to make sure that as it began to rise again after falling so far, something was in place that would help. We set up the future jobs fund because we knew that one of the greatest lessons from the 1980s is that when young people are allowed to drift too far from the jobs market they lose the habit of work, which is a curse that can stay with them for the rest of their lives. That is why we made substantial investment, which at the time was supported by the Conservatives, to get 150,000—rising to 200,000—new jobs that would last six months, 100,000 of them for young people and 50,000 of them in areas of high unemployment.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): My right hon. Friend said that he thought that the Conservatives supported the future jobs fund. In March, before the general election, the present Prime Minister came to Liverpool to visit Merseystride, a social enterprise that employed many people through the future jobs fund. He described the future jobs programme as a "good scheme" and said that his Government would keep any good scheme. Why does my right hon. Friend think that the Prime Minister has backtracked on what he said when he saw that project?

Mr Byrne: I think the answer is simple: despite good intentions, the Prime Minister has let the Chancellor get the upper hand. I am afraid that is a negotiation the

[Mr Byrne]

Department for Work and Pensions has lost, which is why its back-to-work programme is being slashed with such dangers for the future.

I pay tribute to Steve Houghton, who was the leader of the local authority in Barnsley and did so much to pioneer the future jobs fund that has worked so well there. The Barnsley scheme is widely acknowledged to be one of the best in the country; it has 600 places for up to 12 months, a mixture of long-term and youth unemployed and a good track record on getting people into work. Barnsley, like other parts of the country, faces a future where that assistance is being pulled away.

The challenge for our young people is that they now confront a triple whammy. Education maintenance allowance has been cut, tuition fees have been trebled and the future jobs fund is a thing of the past. Without the chance to work, without the chance to study, what are our young people supposed to do? Can Ministers tell us? There is not even a big society for young people to retreat to. Three quarters of youth charities are actually closing projects; 80% say that is because targeted support for young people is ending.

In January, the Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling), decided to act. I commend him for that. He introduced a work experience scheme. It was only for eight weeks, not six months, it did not pay the minimum wage and it did not cover people leaving higher or further education, but at least he was getting the idea. A fortnight ago, we learned that he was stepping up the pace—moving up a gear: at the Tory party's black and white ball we had the spectacle of an auctioneer selling prized internships at top City firms to the highest bidder. What started as a crusade against poverty has in just nine months become an auction of life chances for the wealthy. No wonder the young people of this country feel that they face a lottery, and the Minister is selling the tickets.

Five people now compete for every job opening, and this morning we heard that things are not getting better. According to the Library, in more than 120 of our constituencies, there are more than 10 people competing for every job. Those people would yearn for a ticket to the black and white ball. *[Interruption.]* We have just heard something very important: the Secretary of State is putting a ticket on the sale block.

If there was something better to replace the future jobs fund, we might more easily comprehend its abolition. After all, this is what the Prime Minister promised when he told the BBC on Sunday 4 October 2009:

> "I want the new Conservative Party to be the party of jobs and opportunity and at the heart of it is a big, bold and radical scheme to get millions of people back to work."

I am afraid that last night we learned the truth from the BBC, when it reported:

> "The government's new 'work programme'",

described by the Prime Minister as the "biggest and boldest ever" plan to get people off benefits and back to work,

> "will actually help fewer people than the existing schemes that ministers are scrapping, the BBC has learned."

The Department for Work and Pensions has revealed that it expects 605,000 people to go through the Work programme in 2011-12, and 565,000 in 2012-13, but the Department admits that 250,000 more people, around 850,000, went through the existing schemes in 2009-10.

Chris Grayling *rose—*

Mr Byrne: So there we have it—one more broken promise. Next year, in 2011, the Office for Budget Responsibility forecasts that the claimant count will be 1.5 million, the same as this year—[Hon. Members: "Give way!"] In a moment.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. One at a time. If Mr Byrne does not wish to give way, the Minister will have to accept it. I am sure he has noticed that the Minister wants to intervene.

Mr Byrne: I will give way to the Minister in a moment. The whole House wants an explanation of why the promise to get more people back to work has been broken by the Prime Minister, because the Department for Work and Pensions has lost yet another battle to the Treasury.

The Office for Budget Responsibility says that the claimant count next year will be 1.5 million, the same, by the way, as this year. The problem is undiminished, yet the help is being cut away—the Minister's Department is projecting 250,000 fewer places. When the correspondent from the BBC checked the figures this morning, she was told by a DWP official that she was right. So how is the Government's scheme the biggest back to work plan ever? Is not the truth that the Minister has been done over once more by the Chancellor? Let him explain.

Chris Grayling: The right hon. Gentleman should not believe everything he hears on the television. It is absolutely clear that the Work programme will offer places through contracted-out providers to more people than was the case under the previous Government, and there is not one single person receiving JSA or employment and support allowance who wants and needs support through the Work programme who will not get it.

Mr Byrne: Will the Minister explain why a DWP official confirmed to the BBC yesterday that 850,000 places were available under a Labour Government, and that that would fall by 250,000 under the present Administration?

Chris Grayling: If the shadow Secretary of State wants a briefing on the Work programme from the DWP, we will be delighted to offer him one. I suggest that he does not take his information from the media.

Mr Byrne: That was not a straight answer to a simple question, which was why a DWP official confirmed the figures to the BBC yesterday and again this morning. The conclusion that the House can draw is a point that was made by the Office for Budget Responsibility—that there is not enough confidence that the Government have a plan in place to get people back to work. Indeed, the OBR has so much confidence in the Government's plan to get people back to work that it is forecasting a declining rate of employment for the rest of this Parliament.

I do not claim that the future jobs funds was some kind of celestial design. I am sure there are aspects of it that could be improved. As my hon. Friend the Member

for Liverpool, Wavertree (Luciana Berger) mentioned a moment ago, it was labelled "a good scheme" by the Prime Minister on his trip to Liverpool. The evidence on which it was abolished was simply not there.

In my constituency we have the highest youth unemployment in the country. The leaders of my jobcentre on Washwood Heath road have consistently said to me that the future jobs fund was one of the best programmes they have ever administered. Overwhelmingly, they say, the young people they send on the programme do not come back and join the dole queue. In their first months the Government rushed out some hasty research on its expense. This is what the Work and Pensions Committee had to say about that scribbled bit of analysis:

"A robust evaluation of the FJF has yet to be undertaken...insufficient information was available to allow the Department to make a decision to terminate the FJF if this decision was based on its relative cost-effectiveness."

That is an extraordinary indictment of the Government's rationale. The report says that half of future jobs fund graduates get benefits at seven months, but that is because the programme ends at six months.

The Government dispute the claim that the scheme created real jobs. I am not sure what Jaguar Land Rover would say about that and the places that it created on the future jobs fund, but surely the point is that when people do not have a job, any job is a good job.

Alison McGovern (Wirral South) (Lab): Can my right hon. Friend suggest what Age Concern Wirral in my constituency might think of the slashing of the future jobs fund—a scheme that was not only providing work for my constituents, but helping intergenerational relationships in Wirral and looking after some of the most vulnerable people with early onset Alzheimer's?

Mr Byrne: My hon. Friend makes an excellent point. In a recession private sector jobs are thin on the ground. Anything that keeps young people closer to the labour market, closer to the habits of work and closer to the disciplines of having a job must be a good thing. The lesson from the 1980s, when youth unemployment spiralled to 26%, is that if we let young people get too far away from the habits of work, they are scarred for generations to come.

Dame Anne Begg (Aberdeen South) (Lab): When we looked into the future jobs fund in the Select Committee, it became clear that everyone who had experience of it, as a young person in a placement or as an employer, viewed it as a real job that lasted for six months, with a real wage, and was closer to the workplace than anything that could be offered by work experience. That is why it was successful. None of the providers had a bad word to say about it. They thought it was a very good scheme.

Mr Byrne: My hon. Friend, who chairs the Work and Pensions Committee, makes an important intervention. I hope her comments allow us to strike a note of consensus.

My final point is about the long-term costs. In all recessions and in all recoveries, it is our young people who face the toughest challenge. That is especially true of the fight that young women in our country now confront. Overwhelmingly, they are working in the public sector. Overwhelmingly, it is they who are exposed to the cuts and the redundancies that have been announced, which now number around 156,000. We must remember the lesson of the 1980s. When youth unemployment was allowed to soar, and allowed to fester for years, communities were damaged for generations. As the Cabinet Office's former chief economist put it this week:

"If the Government doesn't act it will not only damage the employment prospects of young people now but hurt them for the rest of their lives".

The motion that we have tabled asks that the Government look again at the lessons of the future jobs fund, be ambitious about the programme that they put in place, and ensure that they learn the lessons from the 1980s. We fear that a generation is being lost to the clumsy behaviour of the present Administration, so I call on the Government this afternoon to think again, to preserve the promise that this country should make to its young people, to reconsider the action that they are taking to ensure that our children will do better and better than us, and to think again before we confront once again a lost generation.

1.58 pm

The Minister of State, Department for Work and Pensions (Chris Grayling): Following Mr Speaker's ruling last week, it is clear that it would be utterly unparliamentary to accuse any other hon. Member of being a hypocrite. I therefore give an absolute assurance that I will not do so this afternoon. It is clear, though, that the Opposition Front-Bench team is suffering from a bout of collective amnesia. We should be concerned for their welfare. I looked up the symptoms of amnesia, and it looks like an open and shut case to me. Amnesia is a condition in which memory is disturbed or lost. In some cases it is described as almost total disruption of short-term memory.

What other possible explanation could there be for what we have just heard? I can only think that the right hon. Member for Birmingham, Hodge Hill (Mr Byrne) cannot remember his time in office, so let me remind the House what happened. He and his party stayed in power for 13 years. One of their great missions was to tackle youth unemployment. Their former leader, his former boss, the former Prime Minister and Chancellor, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), made his maiden speech on the subject back in 1983. When, 14 years later, he took office and became Chancellor of the Exchequer, he said that the problem was a "human tragedy", "sickening" and "an economic disaster". He had a mission for change.

What happened? Nine years later, in the middle of one of the biggest booms that this country has seen—let us remember that that was at a time when the then Chancellor was saying he had abolished boom and bust—the youth unemployment rate had gone up compared with 1997. It was higher than it had been when the Labour Government took office. As my right hon. Friend the Secretary of State rightly said from a sedentary position a few moments ago, that was despite the billions of pounds spent on the new deal. In total, £3.8 billion was spent on new deal programmes to get more people into work, yet in the end youth unemployment had increased.

Mr Byrne: Will the Minister explain why his colleague Lord Freud described the progress that we made in tackling youth unemployment, long-term unemployment and unemployment in the round as "remarkable"? Was he deluded, or was he right?

Chris Grayling: Well, we are still waiting for an apology from the right hon. Gentleman for his Government's record. If he wants to quote colleagues, let me quote one of his, the right hon. Member for Birkenhead (Mr Field)—sadly no longer in his place—who is one of the wisest figures in the House. When the statistics were produced in the latter part of the past decade, he said of youth unemployment:

"We made huge gains at the expense of the Tories in 1997... and now we are not just back to where we started, but in a worse position."

That is not from someone on the Government side of the House, but from one of the shadow Minister's right hon. Friends. That was not the half of it, because after that things got worse. More money was spent on more programmes to get more people into work, but youth unemployment continued to go up and up. If he wants to intervene, perhaps he can explain why that was.

Mr Byrne: I am grateful to the Minister for his kind invitation. Will he accept that between 1997 and the beginning of the global financial crisis, the claimant count for youth unemployment fell by 14%? To return to my previous question, why did Lord Freud, the Minister responsible for welfare reform and his colleague in the Department, describe our progress as "remarkable"? Was he deluded?

Chris Grayling: I think that the right hon. Gentleman should listen to his right hon. Friend the Member for Birkenhead, who said in 2006 that youth unemployment was worse than when Labour took power, and it carried on getting worse after that. By the time of last year's general election, youth unemployment was still 270,000 higher than it had been in 1997, and still they remained in denial—they remain in denial to this day. The greatest brass neck of all was that two months ago the previous Prime Minister had the effrontery to claim:

"Tragically Britain is entering yet another decade of youth unemployment."

Just what does the Labour party think had been happening for the past 10 years when it was in government?

Perhaps the right hon. Gentleman also does not remember that during the last disastrous years of the Labour Government he was Chief Secretary to the Treasury. For those who do not know, that is the person in Government responsible for keeping spending under control. It was not we who built up the biggest peacetime deficit this country has ever known, but him. What did he do to stop his Prime Minister promising to spend money he did not have and making promises to the unemployed that he could not keep? Of course, there was the notorious letter to his successor:

"Dear Chief Secretary, I'm afraid to tell you there is no money. Kind regards and good luck!"

What characterised the period that he and his colleagues have so conveniently forgotten is that the Labour party spent more and more money and made less and less difference. It is no wonder amnesia has set in.

Tristram Hunt (Stoke-on-Trent Central) (Lab): Will the Minister explain why the Conservative party committed itself to the previous Government's spending plans when in opposition?

Chris Grayling: We are taking decisions in the interests of the country. When I look back to 2005 and 2006, we always knew that Labour was making a mess of things, but we never imagined that they could do it quite so spectacularly.

Toby Perkins: If you realised that they were making such a mess of things, why did you agree to follow those plans? Is it not the right hon. Gentleman who has the amnesia?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Members should not be using "you"—I have no responsibility for this and am certainly not guilty for the unemployment figures.

Chris Grayling: We spent years warning the Labour Government that their spending was getting out of control and that they were mismanaging our economy, and now we see the consequences of what they did. What are we to do about the mess they created? Let us start by debunking some of the myths that they are peddling. To listen to them, one might think that it was all the fault of the coalition. Only last night the shadow Secretary of State stated in a press release:

"Labour's legacy was falling youth unemployment and a pioneering programme to get 200,000 young people back to work. The Tories scrapped that programme and now youth unemployment has escalated to a record high."

What a load of complete tosh.

The programme to which the shadow Secretary of State referred is the future jobs fund. Listening to him, one would think that we had scrapped that programme last May, but as we sit here today, young people are still being referred to placements through the future jobs fund. Although Labour's attempts to support the unemployed had largely proved to be expensive failures, we decided early on that we would not remove them until our alternatives were in place. If the right hon. Member for Birmingham, Hodge Hill is right and things are getting worse, even though all the programmes we inherited from his Government are still running, what on earth does that say about the quality of provision he put in place?

Mr Byrne: It says that this Government have put the recovery in the slow lane. That is why the figures we saw this morning show that private sector employment is dead flat and public sector employment is falling. It is clear that the Government now need a plan B for the economy. It must start with a proper tax on bankers and the Government must use the money to do something to get young people back to work.

Chris Grayling: I just do not think the right hon. Gentleman is listening to what I am saying. We have left in place the support programmes that his Government left to support young unemployed people, and as of today they are all still there. As he keeps pointing out, youth unemployment has risen, so what does that say about the quality of provision he left behind? It says that it was not much good.

Mr Byrne: If the Minister was so dead against it, why is the right hon. Gentleman leaving it in place until the end of March? Since the Government took over, youth unemployment has started to rise, even though the

economy has now been in recovery for five quarters. We were bringing youth unemployment down at a time of economic difficulty; since things have got easier, youth unemployment has gone up. How on earth did the right hon. Gentleman achieve that?

Chris Grayling: What we know is that the programmes the right hon. Gentleman left behind were not fit for purpose.

Mr Byrne: Well, why did you keep them?

Chris Grayling: I happen to think that youth unemployment is a significant issue and would rather retain for a few months a programme that is underperforming while we prepare something better than do nothing at all. The right hon. Gentleman seems to think that we are doing nothing at all, but the truth is that we are doing just the opposite. It was his party that did nothing at all for a long period of time.

Let us deal with the argument about the future jobs fund once and for all. It costs around £6,500 per start—net of benefit savings, just under £6,000. That is far more expensive than Labour's other programme for young people, the new deal for young people, which costs around £3,500 per job, and several times more expensive than other elements of the young person's guarantee. It is twice as expensive as an apprenticeship, which I happen to think is of much greater value. Even when we net off all benefit savings, the future jobs fund is still much more expensive than any other option that the previous Administration put in place, and it did not work.

Colleagues may disagree, but to me a future job is one that lasts and on which a young person can build a career and sustain an opportunity for a lifetime. The future jobs fund did, and does, create temporary short-term placements, mostly through the public sector, where young people did not end up getting the kind of sustained work experience and training leading to a long-term career. The grants that funded the future jobs fund included no incentives whatever to move people into permanent jobs.

Mr Lammy: The Minister mentioned apprenticeships, and of course the whole House will know that there is an ambitious target to deliver 50,000 apprenticeships over the next year. We are now eight months in, so can he tell us how many new apprenticeships have been delivered?

Chris Grayling: The latest information I have received from my colleagues in the Department for Business, Innovation and Skills, who are responsible for this, is that apprenticeship vacancies are currently over-subscribed by both employers and employees. We are making good progress towards delivering on that target and will obviously publish full figures in due course. I am confident that we are making inroads in the apprenticeship market and creating opportunities for young people that will last a lifetime, not just six months.

Pete Wishart: Will the right hon. Gentleman please take no lessons from the Labour party on apprenticeships? Some 25,000 were offered in the Scottish budget last week, but Labour, for some reason, voted against it. The Conservatives supported it, so does he know of any reason whatever why Labour cannot support an increase in apprenticeships in Scotland?

Chris Grayling: It makes no sense at all.

I have a theory. The hon. Gentleman and I agree that apprenticeships are by far the best way of delivering long-term, sustained career opportunities for young people, but the future jobs fund was introduced a few months before the general election, and it was designed to move a large number of young people into temporary placements. He will form his own judgments as to what might have motivated that decision.

The reality is that, in early tracking—and I accept it is early tracking—of outcomes from the future jobs fund, the very first data showed that a substantial proportion, about 50%, of people who had been on the scheme were already back on benefits seven months after they started; and that did not take into account the fact that in many areas local authorities had extended future jobs fund placements by two or three extra months. In April, we will get a sense of the scheme's real impact, but the first evidence suggests to me that it has not proved to be any more effective than previous new deals or other similar schemes that cost much less money.

Pamela Nash (Airdrie and Shotts) (Lab): On that point, do the Government honestly believe that for 50% of young people to be in work a full month after their future jobs fund placements—

The Minister of State, Department for Work and Pensions (Steve Webb): That's not what he said.

Pamela Nash: My point comes from the same statistics. Do the Government honestly believe that 50% of young people being in full-time work a month later is a failure? In our opinion, it is a great success for the fund.

Chris Grayling: If that were the case. In reality, we know that a number of placements continued for seven, eight or nine months after being funded by local money, so the first indications are that the final outcome of the future jobs fund will be no better than other employment programmes, but involve a much higher price.

Mr Byrne: The Minister is helpfully rehearsing a series of his uncertainties about the effectiveness of the future jobs fund. Why will he not therefore back the part of our motion which says that a proper evaluation is needed before a further decision can be taken on what is put in place in the future?

Chris Grayling: I fully accept that there is a difference between us. The right hon. Gentleman believes that the future jobs fund—six-month placements in the public and voluntary sectors—is the right approach. I happen to believe that apprenticeships—two years of training and the possibility of a longer-term career at half the price—is a better one. I am fully prepared to accept that that is a difference between us, but in reality our approach—tens of thousands of extra apprenticeships, which the Scottish Administration have also chosen but, I am surprised to discover, the Labour party opposes in Scotland—is a better route to follow.

Albert Owen: I, too, have supported apprenticeships over the past decade, and they have been a great success, but companies in my constituency, and one in particular, say to me that they cannot take on apprentices because they are faced with a consumption tax rise of 2.5 percentage points in VAT. Is that not one reason why businesses are not taking on apprentices? Indeed, the Minister is unable to tell us how many additional apprenticeships there have been in the past eight months.

Chris Grayling: Does the hon. Gentleman honestly think that businesses in his constituency would have been better off with a 1 percentage point jobs tax rise, as the previous Administration planned? That would have caused more of an increase in unemployment than anything else the Government could have done.

The right hon. Member made one point, however, which is absolutely right and with which we absolutely agree. Youth unemployment is a major problem for our society and one that absolutely must be tackled. The failure to tackle youth unemployment with schemes that work contributes so much to many other issues that we have to deal with on streets and in neighbourhoods throughout the country.

Endemic worklessness is underpinned by an ever more complex benefits system that traps people in unemployment. Inter-generational poverty is fuelled by welfare dependency, involving generation after generation of people who have not worked. There is a lack of aspiration, especially among young people who lack role models in a country where almost 2 million children are growing up in workless households. Worst of all, the young people who escape welfare dependency and poverty will still carry the economic scars of unemployment for years afterwards, in terms of lower wages and future employment gaps. That is the harsh reality of Labour's legacy for our young people.

Dame Anne Begg: I worry about the either/or in the Minister's equation. He says that the answer is either apprenticeships or the future jobs fund, but it should be both, because the young people who go into apprenticeships are not the same cohort who suffer the inter-generational worklessness to which he refers. They need extra support, and that is where the future jobs fund has been very, very effective.

Chris Grayling: I accept the principle but do not agree with the detail of what the hon. Lady says. I shall come on to discuss the Work programme and how I aim to use it to deal with the problem that she rightly highlights.

Opposition Members should remember that over the years they made lots of promises about apprenticeships but consistently under-performed on them. Our job is to make sure we do not do that.

Mr Byrne: The right hon. Gentleman surely accepts that the number of apprenticeships increased from about 63,000 in 1997 to more than 250,000 by the time we left office. Surely that is a record of success in backing apprenticeships, and I am glad that it is a point of consensus on both sides of the House.

Chris Grayling: I remember the right hon. Gentleman's former boss standing in this House and promising about 400,000 apprenticeships. When Labour left office, the actual figure was 240,000, so I shall take no lessons from the Opposition about delivering promises on apprenticeships. We plan to deliver, and are already well on the way to delivering, 50,000 extra apprenticeships this year, 75,000 extra by the end of this Parliament and more apprenticeships for young people between 16 and 18 years old. Those apprenticeships will cost about half that of each future jobs fund placement, but they will deliver the skills that last a young person a lifetime, and the opportunity to progress on to a secure career path.

Alison McGovern: I thank the Minister for giving way, because this is a truly important point. When I have asked parliamentary questions about targets for the number of apprenticeships, the Government have told me that they no longer set such targets, so will the Minister make clear the status of the pledge that he has just made?

Chris Grayling: We fund a certain number of apprenticeships, and there are 50,000 extra this year. They are being filled at the moment, as we speak. We will fund 50,000 extra apprenticeships this year and 75,000 extra throughout the course of the comprehensive spending review. A few days ago BIS set out a clear goal to increase the number of apprenticeships in this country to 350,000. We have been in office for nine months; the Labour party was in office for 13 years, and it consistently under-delivered on apprenticeships throughout those 13 years.

Mr Lammy: The Minister has been extraordinarily generous in giving way, and I am very grateful, but he has not been able to tell the House how many apprenticeships he has delivered in the past nine months. I set up the graduate talent pool, which involved internships for graduates. Alongside the internships that were offered at the Conservative party event recently, how many internships have been delivered for our graduates in the past nine months?

Chris Grayling: Let me tell the right hon. Gentleman what we are doing to get young people into the workplace for the first time.

One of the first things I received on entering government was an e-mail from the mother of a young woman who had arranged a month's work experience for herself but been told by Jobcentre Plus that she could not do it, because the rules, which the previous Administration put in place, prevented her from doing so. We have therefore changed things.

We now encourage work experience. Through Jobcentre Plus, we will actively find work experience for young people, without their losing their benefits, and give them the opportunity to solve the age-old problem whereby, if someone cannot get the experience, they do not get the job, but, if they do not get the job, they cannot get the experience.

We have also strengthened volunteering opportunities for young people, and we will have Prince's Trust representation in every job centre, so that we can steer young people towards voluntary work and take advantages of the trust's skills to help unemployed young people.

Mr Stewart Jackson (Peterborough) (Con): Is my right hon. Friend as incredulous as I am at the Opposition's faux outrage? They are members of the party that, during 13 years of government, imported low-wage,

low-skilled people from eastern Europe—more than 1 million of them—and pushed thousands of young people into welfare dependency and on to the dole. They should be ashamed of themselves.

Chris Grayling: My hon. Friend is absolutely right. There is collective amnesia among those on the Labour Benches. One of the things they have also conveniently forgotten, which was revealed by one of their number, the right hon. Member for Birkenhead, is that over the course of those years nearly 4 million new jobs were created in this country, the vast majority of which went to people coming to the UK from overseas. The Labour Government completely failed to make a serious inroad into the nearly 5 million people on benefits, or to get British people into what was once described as the goal of the previous Prime Minister—British jobs for British workers.

Mr Lammy: Will the Minister give way?

Chris Grayling: No, I have given way enough, and I am going to make progress. *[Interruption.]* When Labour Members have some useful contributions to make, I might give way again.

We now need to talk about what we are going to do about this. The Work programme, which we will introduce this summer, will, I hope, go a significant way towards dealing with some of the problems to which the hon. Member for Aberdeen South (Dame Anne Begg) referred. We have huge challenges in the labour market, with young people who face huge difficulties in their backgrounds. For them, the Work programme will deliver specialist intervention after just three months in the dole queue—much earlier than it has ever been done before. It will be a revolution in back-to-work support in Britain. It will provide a level of personalised support that we have not seen before, because in order to survive in a payment-by-results regime, the providers will need to cater for the individual. It is the kind of revolution we have needed for years—the kind that was promised in Labour rhetoric but never delivered.

Mr Byrne *rose—*

Chris Grayling: I will give way once more, and then I am going to wrap up.

Mr Byrne: It is curious that the Minister's colleague Lord Freud noted in his report:

"The New Deals have been enormously successful".

He also said:

"The creation of Jobcentre Plus...is...seen as...a model for effective public service delivery."

He further commented:

"The Government has made strong, and in some respects remarkable, progress over the last ten years."

I hope that those are lessons on which the Minister can draw.

There has been some dispute about the numbers that the BBC published. Will the Minister now set out for the House his assumptions for this year, next year and the year after about how many people will flow through the Work programme? If he is disputing the figures, let us hear it from him—what are they?

Chris Grayling: We published those figures in December. I suggest that the right hon. Gentleman read the invitation to tender for the Work programme. I will tell him, however, that the number of people who went through contracted programmes in the last year of the Labour Government was well under 600,000, and that next year's projections for the Work programme are over 600,000. As for my noble Friend Lord Freud, if he thought that the Labour Government were doing so well, why does the right hon. Gentleman think that he joined us?

The Opposition were in government for 13 years, during which they systematically delivered for this country a higher level of youth unemployment than they inherited. They spent almost £4 billion on new deal programmes, much of it aimed at getting young people into work. Even while all that money was being spent, we saw youth unemployment grow between 2005 and early 2007 and rise steadily in the run-up to the recession. Back in 2008, the OECD published a report raising concerns about what the British Government were doing and stating that only in Britain was youth unemployment rising, while everywhere else it was falling.

So let us have no more accusations from Labour Members about the coalition's record. We have been in office for nine months. We inherited from them 600,000 young people who left school, college or university and have never worked. We are moving ahead with plans that will make a real difference to those young people—through the Work programme, through apprenticeships, and through the schemes we are introducing at Jobcentre Plus level to help them into employment.

Joan Ruddock: Will the Minister give way?

Chris Grayling: No, I am going to wind up now.

The Opposition were in government for 13 years, and they failed abjectly. They spent billions; they delivered nothing at all. They left youth unemployment as a national challenge and a national disgrace—part of a legacy of chaos and failure from a Labour Government who ran out of money and ran out of ideas. It is time that the right hon. Member for Birmingham, Hodge Hill and other Labour Members recognised the damage that they did to this country, and time they realised that it will be a long, long time before the people of this country even start to consider the possibility that they might ever be fit to govern again.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Before I bring other Members in, let me just say that the Front Benchers have taken up quite a lot of time because of interventions. We now have an eight-minute limit on speeches. Not all Members have to take all eight minutes, and fewer interventions will mean that I can get more people in. I call Mr Chris Ruane.

2.24 pm

Chris Ruane (Vale of Clwyd) (Lab): Thank you, Mr Deputy Speaker, for calling me so early in the debate.

In 2002, the unemployment statistics for my county of Denbighshire showed that out of its 34 wards, 50% of the unemployment was in two wards alone—Rhyl West and Rhyl South West. Rhyl South West contained the

[Chris Ruane]

council estate where I grew up and lived for 26 years. Many of those unemployed people were related to me. Over the past nine years, it has been a personal crusade of mine to do something about that. In 2002, I established an unemployment working group, with people from the college, the Department for Work and Pensions, Jobcentre Plus, the police, economic regeneration bodies and the Welsh Assembly Government getting together around the table to create jobs for people, including young people, in my constituency.

In 2007, the DWP agreed that Rhyl could be one of 15 city strategy pilots for the whole of the UK. Although it is not a city but a town of only 27,000 people, Rhyl was included mainly as a pilot scheme for 52 seaside towns in the UK. Since then, we have made great strides in putting young people back to work in my constituency. The leader of the people who have administered the future jobs fund for the Rhyl city strategy is Ali Thomas, a dedicated professional in getting young people back to work. This is what she said about the Government's decision to abolish the future jobs fund:

"The subsidy enabled employers to consider taking on long term unemployed people, many with multiple problems. They were able to do this because of the subsidy. The employers were taking a risk with these young people but the subsidy made the risk worthwhile."

She went on to say:

"It wasn't a one way street. Employers gained well motivated young workers. Nearly 60% of those that completed the placement scheme went on to gain long term employment with the employer."

Apart from those 60%, a further 10% to 20% went on into full-time education at the fantastic Rhyl college, built by the Labour Government—the first college we have ever had, and a £10 million investment. A 70% to 80% placement rate in full-time education or full-time employment is not bad by anyone's standards.

I ask the Minister, who is chatting away down there, what targets he is setting for his new Work scheme: 50%, 60%, 70% or 80%? I hope that he will intervene and tell me. He did not know the figures on the number of apprenticeships or internships but can he tell me his target for full-time employment placements of young people on the schemes that he is going to put in place?

Chris Grayling: The Deputy Speaker does not want extended interventions, so I simply refer the hon. Gentleman to the invitation to tender for the Work programme, which will give him some of the details he wants.

Chris Ruane: The Minister does not know.

From my perspective as a constituency MP, and from that of young people affected in my constituency, the decision to end the future jobs fund is nothing short of political spite. The Work and Pensions Committee report said that the DWP

"should conduct a comprehensive evaluation of the effectiveness of the Future Jobs Fund and publish the results."

This obviously should have been done before the closure of the FJF. That is common sense, but it was not done.

Yasmin Qureshi (Bolton South East) (Lab): Will my hon. Friend give way?

Chris Ruane: No—I am afraid that I might get my head bitten off.

Why did the coalition Government not take evidence? They could have come to my constituency and consulted Ali Thomas and the young people taking part in these schemes, who were gaining confidence, experience, camaraderie and esprit de corps in their groups of 10 to 15, and feeling pride and joy in being able to plan their first holiday, take their first driving lesson, or gain a certificate from the local college, and in having meaningful work with a meaningful pay packet at the end of the week. I will be sending the Minister, who is still not listening, a DVD made by those young people about their job placements. I hope that he will look at it and get back to me.

When I stared those young people in the eye at the presentations, they were full of pride and joy at their achievements—achievements that will be dashed by the Conservative party. One of the main attractions to the young people in the scheme was that it was a proper job with a proper rate of pay. They could be sacked if they did not turn up or if they were not motivated enough, and they had to be punctual. Their reward was the potential for a job at the end of the six-month placement.

Shorter, cheaper, unsubsidised placements will not have the same take-up or buy-in among young people. Such schemes that were introduced by the Conservatives in the past were pilloried and laughed at by the young people who attended them. YTS was called "young, thick and stupid" by young people. They want no part in such schemes. They want quality schemes like those introduced by the previous Government and abolished by this Government.

The future jobs fund has the respect of the young people who have participated, the employers who have taken them on and the people who have administered it. The main reason given for its abolition was the cost. The Government deemed £6,500 too much to pay to turn around a young life. I ask Government Members who send their children to private schools how much they pay a year to turn their children's lives around. There is one rule for the rich and another for the poor.

Michael Dugher (Barnsley East) (Lab): Thirty grand for Eton.

Chris Ruane: I am informed by my hon. Friend that it is £30,000 for Eton. Under the scheme, its cost £6,500 to turn around a young life. But no, that is too much. There are a million young people—and the number is rising—on the dole. What will be the cost if they fall into a life of crime? If that positive path is denied them, they might turn down a negative path. It costs £50,000 a year to keep a person incarcerated. That is money down the drain.

Sajid Javid (Bromsgrove) (Coh): Will the hon. Gentleman give way?

Chris Ruane: No, I would get told off. I am sorry, Mr Deputy Speaker, but I feel that I would.

My local future jobs fund is administered by Rhyl city strategy and is one of the most effective in the country. It had a monthly target to put 320 people back to work. It was bang on every month. It was so effective that it had to hunt for another 100 young people to put

back to work, which it got through the WCVA. That effective partnership has been snuffed out by the Conservative party. A key part of the success of the FJF in my constituency was that the funding was delivered to a local partnership. That minimised bureaucracy and red tape, which the Conservative party is always banging on about—there was no red tape or bureaucracy in the FJF in Rhyl. That was welcomed by the employer.

Shorter-term, unsubsidised schemes will not work. They did not work in the past, and they will not work in the future.

2.33 pm

Jackie Doyle-Price (Thurrock) (Con): I am sure that every Member of this House believes it is a tragedy that so many of our young people are not in work, education or training. Nearly two-thirds of unemployed 18 to 24-year-olds have not done any kind of work since leaving school or college. That trend has accelerated over a number of years; not just over the eight months of this Government, as the motion states.

The motion is right about the need for urgent action to tackle long-term joblessness among our young people. However, the future jobs fund is not the answer, as the Minister has explained. It has been expensive and ineffective. What we need is support that delivers real skills and jobs, and that adds to the employability of young people. With that in mind, I endorse the Government's commitment to investing further in apprenticeships. I believe that the Work programme will provide personalised help based on individual needs, through working with private and voluntary providers. Ultimately, we need more engagement with employers to equip young people with the skills that will enable them to find work.

So far, this debate has centred on what we do to help young people when they become unemployed. I would like to talk about initiatives in my constituency that are intended to prevent young people from becoming unemployed. That means investing in skills training for young people while they are of school age. In areas such as mine, where comparatively few young people go on to university, such initiatives are extremely important if we are to get the proportion of people not in employment, training or work down further.

The first initiative is run by one of the new academies in my constituency, the Gateway academy in Tilbury, which has gone out of its way to develop a strong focus on employment options and to offer advice to its pupils. It has developed a curriculum that is tailored to the needs of its pupils and to the job opportunities in the area. In addition, it has established a project called Gateway Connect, which uses a redundant industrial workshop as a strong vocational learning facility to offer pupils work-based training and vocational qualifications. Through that project, 18 pupils have been able to pursue vocational training and only two are not in employment, education or training now that they have left. That shows the impact of such strong work-based projects. With that focus, the proportion of pupils who become NEETs on leaving the school has fallen from 18% in 2008 to a mere 4% in 2010. That makes the case for tackling this problem in schools, rather than waiting until young people are on the dole.

There are other projects in Thurrock that are not based on the school curriculum. In a week in which we have considered the big society, I would like to share with the House some examples of imaginative and proactive partnership working that I have witnessed on the ground in Thurrock to give young people more skills. Thurrock trade school offers evening classes to children aged 14 to 16 who want to learn a trade. It offers courses in carpentry, bricklaying, plumbing and electrics. Young people attend two-hour classes over 12 weeks. The courses are sponsored by Morrison, a local building contractor, which provides tools and mentoring to guide young people towards the opportunities that might be open to them through pursuing the training. Morrison has also engaged as apprentices people who have been through the courses.

The background to Morrison's involvement is that it was awarded the housing maintenance contract by Thurrock council. As part of that contract, the council asked it to invest in such training. That is a brilliant illustration of how imagination can be used to make use of commercial partnerships to deliver outcomes for the benefit of the entire society. That is the kind of thinking we want to encourage as we build the big society. The example of Thurrock trade school also illustrates the value of working with employers, because they will invest in the skills that they need. We all benefit from such involvement.

Finally, we need to open the eyes of young people to the opportunities that work-based training can bring. With that in mind, I commend another initiative to the House: Thurrock's Next Top Boss awards. Next Top Boss is another partnership scheme that is run by Thurrock council, the Thurrock development corporation and a large number of private employers such as Procter & Gamble, Carpetright and other big employers that operate in Thurrock. The competition is open to 17 to 19-year-olds. The objective for the employers is to help equip teenagers with the skills, confidence and contacts they need to enter the world of work. Competitors are invited to take part in events in which they can show all their skills, such as working with a team and responding to projects. The employers that participate can show the vast assortment of careers that are available in their organisations. The incentive for the young people is that they compete for prizes, including gift vouchers, work placements and even jobs. It is, dare I say it, "The Apprentice", Thurrock-style. Central to its success is the involvement of local employers that are attracted to the opportunity to identify future apprentices for their workplace and to showcase the opportunities that they offer.

I do not mourn the passing of the future jobs fund. I look forward to the Government's reforms delivering improvements in the opportunities available to young people. I hope that Thurrock's big society examples will inspire other employers, councils, schools and voluntary organisations, as they consider how they can contribute to tackling joblessness among our young people.

2.40 pm

Michael Dugher (Barnsley East) (Lab): I am proud to say that the future jobs fund was inspired by the review by the excellent leader of Barnsley council, Steve Houghton. I thank my right hon. Friend the Member for Birmingham, Hodge Hill (Mr Byrne) for his warm and fitting tribute to Steve Houghton earlier in the debate. Barnsley was one of the first councils to implement the scheme, which has made an important difference to many, not only in my constituency but across the country. Since its

[Michael Dugher]

inception in 2009, the future jobs fund has given young people and the long-term unemployed valuable opportunities by creating real work, with real experience and real job prospects. In Barnsley, a third of those on the programme have already gone into jobs. It is hoped that 200 people will be in employment before the funding regrettably expires in March.

The Government's decision to scrap the fund—a scheme that would have created up to 200,000 jobs for young people up and down the country—is sadly just another example of how they are letting young people down. Ending the future jobs fund was one of the Government's early decisions. Since then, the education maintenance allowance has gone, tuition fees have been trebled, we are seeing cuts to Sure Start and the school building programme is being cut across the country. Tackling youth unemployment has been a challenge for all Governments, but thanks to initiatives such as the future jobs fund, youth unemployment fell by nearly 25,000 between February and April 2010.

Since this Government were elected, there has been a massive jump in youth unemployment. Figures out today show that it has risen to a record high, with more than one in five 16 to 24-year-olds now out of work—a rise of 66,000 people to nearly 1 million. In my constituency, nearly 14% of the population are aged between 18 and 24, yet that age group accounts for 35% of people claiming jobseeker's allowance. We are facing a youth unemployment crisis in this country the scale of which we have not seen since the 1980s. If the Government do not act, this will not only damage our young people's employment prospects, but affect them for the rest of their lives. It is well documented that early spells of unemployment for an individual, result in reduced employment prospects and lower earnings over their lifetime. Today, for every 100,000 people that this Government put out of work, £500 million is added to the cost of paying jobseeker's allowance, so theirs is not even a strategy for reducing the deficit.

The fundamental flaw in the Government's Work programme is that there is simply not enough work. They fail to understand that in parts of the country there are still unemployment blackspots. Focusing on job output may be fine in some parts of the country, where the economy may be expanding, but it will not work in more deprived areas such as Barnsley, where there are still serious structural problems in the local economy and where simply not enough jobs are available. In my constituency, there are currently just over 190 Jobcentre Plus vacancies for more than 2,500 people claiming jobseeker's allowance. That amounts to 14 claimants for every job vacancy. However, this Government's approach is solely about getting people into existing jobs. There is no policy for either job creation or the growth that would create those jobs, particularly in the weaker economies.

The Government have to think again, as our motion says. There is an overwhelming need for a job creation programme targeted particularly on those areas with the highest unemployment. The main criticism of the future jobs fund is that not enough jobs were created in the private sector. We all want to see more jobs in the private sector, and in my constituency we will have 2,000 more jobs.

Nia Griffith (Llanelli) (Lab): Does my hon. Friend agree that, right in the middle of a recession, the whole point was for the public sector to provide some of those jobs—in construction, for example—to keep people's skills up, ready for when the private sector picked up?

Michael Dugher: My hon. Friend is exactly right.

Those 2,000 private sector jobs in my constituency are coming from ASOS, the online fashion company—I do not see too many takers in the Chamber for its clothes, but we live in hope—but those jobs did not happen by accident. The reason 2,000 jobs are coming to my constituency is that when Labour was in government, we built the facilities that will house those jobs. We built the road that attracted the company in the first place. The public sector plays a big part in supporting private sector jobs.

Sajid Javid: Will the hon. Gentleman give way?

Michael Dugher: No; I want to make some progress.

We want to see more private sector jobs, but the Government need to move away from the mentality that says that public sector jobs are not, as the hon. Member for Enfield North (Nick de Bois) said, "real" jobs. In many parts of the country, the choice is not between a public sector job and a private sector job; it is between a job and no job. The criticism that too many of the jobs were in the public sector—a criticism that I share—is not a reason to scrap the scheme, but a reason to strengthen it. It is an argument to expand it to include more private sector businesses in those unemployment blackspots and to invest in industry.

The positive benefits of employment cannot be overstated. Most people cite a lack of confidence and skills as the reason for not finding work. Having a job is good for people's well-being and their physical and mental health. It provides them with an opportunity to prove themselves, giving them an identity, confidence and self-worth—the pride that comes from having money in their pocket and the dignity of knowing that they have just earned it. Everyone knows that it is also easier to get a job for those who already have one.

We saw the impact of previous Conservative Governments in areas such as the one that I am proud to represent—a whole generation of young people growing up with little or no hope of getting a job. It is clear that this Government have not learnt from those mistakes, and are once again letting young people down. There is a growing consensus that the Government need a plan B to get the economy right—growth has stalled—but it is equally obvious that they need a plan A to deal with unemployment and, in particular, the lack of opportunities for young people in my constituency and throughout the rest of the country.

2.47 pm

Jenny Willott (Cardiff Central) (LD): It is worrying how many young people are unemployed at the moment. We can bandy figures around all day, but the figure that sticks with me is that one in five young people between 16 and 24 is out of work. That is a worrying—indeed, horrifying—statistic, and is a tragedy for every one of them, and for their families and the communities around them too. However, when we look more deeply it becomes

clear that this situation is, in part, the Labour legacy, as has been mentioned over and over today. The number of people who have been unemployed for more than 12 months has increased. This Government have not yet been in power for more than 12 months, so we are clearly dealing with a legacy left by the last Labour Government. As a result of Labour messing up the economy, the Government are having to deal with a serious financial mess and the unemployment that goes alongside that.

People have talked about complacency about the youth unemployment figures. I have not seen complacency on either side of the House today—clearly people are seriously concerned—but if Labour Members were that concerned, they could have done significantly more when they were in office, rather than leaving a lot of young people on the shelf. Labour could have done more in power to ensure that people had the opportunities that they needed.

Mr Lammy: Will the hon. Lady give way?

Jenny Willott: I will not give way. Everyone will have the chance to speak later if they wish.

As has been mentioned, unemployment among young people has gradually increased since 2002, and that was during the good times, so clearly in the bad times it will not be easy to get people back into work. It is now even harder for the new Government to get them into work, as they have already been out of work for longer, and we know that the longer people have been out of work and the further they are from the jobs market, the more effort, money and time it takes to get them back into work. However, the problem is that the future jobs fund was not working. It was created to ease youth unemployment and make the figures look better; it was not established to create long-term sustainable jobs. Opposition Members have mentioned that many times, but it is not that public sector jobs are not real jobs—of course they are—but rather, that the jobs created for the future jobs fund were not real jobs. They were short-term, six-month placements created for the purpose of the fund; they were not jobs that were sustainable in the long run. That has been borne out by the initial information on what people have done after being placed by the future jobs fund. About 50% of people were back on working-age benefits after seven months—one month after finishing their placement. Of those in a comparable group who found work through other programmes or found work for themselves, only 35% were back on jobseeker's allowance after seven months. Clearly, the future jobs fund has not been working. It is performing less well than the other programmes that the previous Government put in place.

Chris Leslie (Nottingham East) (Lab/Co-op): Will the hon. Lady give way?

Jenny Willott: No, I want to ensure that there is time for as many people as possible to speak.

The future jobs fund is not cost-effective. It costs a lot, and that money could be better spent. In theory, it was aimed at those who were furthest from the jobs market, but it seems that a large number of those people in placements were graduates. For example, about 20% of the people taken on by Birmingham city council had at least one degree.

Mr Byrne: Will the hon. Lady give way?

Jenny Willott: I will not.

The future jobs fund was clearly not working in the way that it was supposed to. As with many of Labour's programmes, the words and the theory were positive but the practice was poor. It was not properly designed or monitored. It simply was not thought through. It did not deliver sustainable employment for young people.

Instead, we need to create a skilled work force and generate jobs for those skilled young people. Apprenticeships make people more employable, potentially by the people by whom they have been trained, but also by similar businesses. CBI evidence shows that 90% of apprentices find employment or become self-employed immediately after their training ends, which means that apprenticeships are clearly far more successful than the future jobs fund.

The group that concern me the most are those who are furthest from the jobs market. For many of them, apprenticeships are inappropriate. They are a particularly vulnerable group, and in the past they have been particularly ill-served. We need to ensure that the Work programme will work, and that the Government learn the lessons from previous programmes to ensure that those vulnerable young people are helped back into work.

I am glad to see that, under the Work programme, young people will get help at a much earlier stage than they do under the future jobs fund. They will be referred to the Work programme when they have been on jobseeker's allowance for nine months, rather than 12 months as happens under the FJF. More tailored support will be available for those with the most severe disadvantages, and they will be referred after three months if they are not in employment, education or training. All the evidence shows that we need to get in there as early as possible if we are to have an impact. Even with all that evidence, however, the previous Government did not quite achieve their aims, so we really need to ensure that we learn those lessons now.

In addition, under the Work programme, the fees will be structured so that providers will get more if they help those who are furthest from the jobs market and keep them in work for longer. We hope that that will make a real difference to that group of people. Again, that is something that the previous Government tried to do, but they did not go quite far enough. I hope that the coalition Government will learn the lessons from that and ensure that these measures are implemented.

Following the demise of the future jobs fund, we all want to see much better, tailored support aimed at the needs of young people. We cannot afford to damage the career prospects of another generation of young people, as happened in the 1980s and early '90s. We have to learn the lessons, particularly the ones that the previous Government did not learn from the work that they were doing.

The numbers are bad, and the individual stories are heart-wrenching. I am sure that we have all had people coming to see us in our surgeries who are at their wits' end and absolutely desperate to find work. We need to ensure that another generation is not left behind, but the Opposition's proposals in the motion today are simply not the way to do it. The future jobs fund has not worked so far, and given that the number of young

[Jenny Willott]

people unemployed for more than 12 months has been increasing, why on earth do they think it will start working now? It is time to adopt a new approach, to ensure that we do not leave hundreds of thousands of young people behind. Instead, we must give them the skills and the confidence that they need to build a future for themselves and our economy.

2.54 pm

Ian Lavery (Wansbeck) (Lab): I would like to focus on the young people who have lost their jobs. They are real people, and I welcome this opportunity to discuss on the Floor of the House of Commons the betrayal of those young people. They represent the nation's future, but they have been bruised, battered and neglected. They are not needed and not worthy—that is the message the Government are pushing to those people.

We have a serious problem, in that those young people are in danger of becoming the lost generation. Employment is a major social ingredient in anyone's life, and in modern, civilised society. It gives self-esteem and confidence. It breeds purpose in individuals. It is a rung on life's ladder, which can often be quite cruel. As we debate this issue today, we see an increase of 66,000 young people who are unemployed.

The constituency statistics in the information from the House of Commons Library show that, in the 100 worst-affected constituencies, there are 10 applicants for every job vacancy. On average, across all constituencies, there are five applicants for every job. In my constituency, however, 14.3 people apply for every vacancy. Is it any wonder that our young people, our future generations, feel so let down and demoralised? They feel utterly betrayed by the actions of this Government. Is it any wonder that they are taking to the streets and demonstrating in their tens of thousands in every city against the Government's attack on young people? They are organising and giving voice to their views. As politicians, we should listen to their call for opportunities, for a chance in life, for dignity, for decency and for equality. That should be readily recognised by the Government.

Sajid Javid: Will the hon. Gentleman give way?

Ian Lavery: No! *[Laughter.]* Go on, then. I apologise for that.

Sajid Javid: I thank the hon. Gentleman for so graciously giving way. There is a lot that hon. Members on different sides of the House can disagree on, but will he acknowledge, perhaps in a bipartisan spirit, that some of the Government's welfare reforms—for example, the introduction of the universal credit, the increase in apprenticeships, and the move to ensure that people are better off in work than out of work—are a step in the right direction?

Ian Lavery: I thank the hon. Gentleman for his intervention. I believe that we should wait to see the details of the universal credit. The devil is often in the detail.

The future jobs fund was abolished within days of the election by the Tories. At this stage, I must offer my personal view that I do not accept that this is a coalition Government. It is a full-blooded, blue-blooded Tory Government, propped up by a few desperate Liberal Democrats who are prostituting every principle that they have ever stood for, and abandoning every young person in this country.

The future jobs fund offered a golden opportunity to 200,000 people, but those full-time jobs will be wasted. They were much needed in communities such as mine. The future jobs fund was sowing the seeds of success, and it was proving successful to those young people. It was giving young people who had never had a job before a much-needed break in life. They need and deserve an explanation from the Government. They need to know why, immediately after taking office, the Government abolished a great opportunity, perhaps one of the last opportunities that they will be given for a long time.

I am aware of the eight-minute limit on speeches, Mr Deputy Speaker, but at this point a triple whammy comes to mind: the attack on education maintenance allowance, the increase in tuition fees, and the cancellation of the future jobs fund. People will not forget, and they are asking now why the attack on young people continues and where it will end. The number of unemployed young people has risen by 66,000, and the Office for Budget Responsibility predicts huge further increases in the not-too-distant future. Everything in the garden is not rosy for our young people or for our future. Every 100,000 people who are out of work cost the Treasury £500 million. We cannot, in any circumstances, return to the days of the 1980s, when 26% of people were unemployed.

In my constituency, there are 14.3 applicants for every job vacancy. Unemployment in the region stands at 9.6%, and 46% of working women in the northern region are employed in the public sector. In my constituency, the public sector employs 11,000 women—68% of working women—and more than 50% of men. How dare any Member say in the House that public sector workers deserve redundancy before anyone else? We are talking about teachers, firemen, policemen, council workers and cleaners. How dare anyone suggest that their jobs are meaningless because the private sector should rule?

The attack on public services in my constituency will be unbelievably harsh. The creation of 200,000 jobs through the future jobs fund would have been immensely valuable. Moreover, 10,000 jobs would have been created in the north-east in the renewable energy, environmental and emerging low-carbon technology sectors, and 15,000 would have been created in social enterprises. That is much-needed employment. The Government's action in abolishing the future jobs fund is an absolute disgrace: it was politically motivated and ideologically driven.

I will not forget 20 October 2010, when the Chancellor of the Exchequer announced the loss of 490,000 jobs. I shall not forget the triumphant, jubilant cheers from the Government Benches. That made me sick to the pit of my stomach. The people will not forget, and I will not forget. I am pleased to have been able to take part in the debate, and I support the motion wholeheartedly.

3.3 pm

Nick de Bois (Enfield North) (Con): It is a pleasure to follow the hon. Member for Wansbeck (Ian Lavery). I hope that he will understand if I return to some of his more outrageous comments a little later. First, let me say how pleased I am that we are debating youth

unemployment: it is a major issue, and it is clear that Members on both sides of the House understand the need to discuss it.

Before I came to the House, I derived real pleasure from being able to offer someone a job in our company. I also understood the absolute nightmare of having to make someone unemployed in difficult times. I hope that Members on both sides of the House have approached the debate with the shared goal of alleviating what are very difficult circumstances. I also feel, however, that the debate should be put into context. It takes place against a background of economic failure, a legacy of banks that were not supporting business, a massive decline in manufacturing, and an essentially unbalanced economy.

Governments can take a wide range of measures to ease the problem of youth unemployment, but in my view nothing is more important than enabling the economy to grow at a sustainable level so that business can expand, create those much-needed jobs and, indeed, flourish. That is why difficult measures are being taken: vital measures to deal with deficit control, and positive fiscal measures to support investment. We are seeing changes in employment law, export support for small and medium-sized enterprises, and a review of many of the welfare schemes and benefits out there to encourage people to move from a life of dependence to one of independence.

I am therefore somewhat disappointed by the fact that the debate is focusing almost entirely on the future jobs fund. It was, I am sure, a project born of good intentions, and I admit that there are good stories about it from various parts of the country. The fact is, however—this brings me back to the hon. Gentleman's speech—that we were creating a large number of temporary jobs, predominantly in the public sector, which did not offer a sustainable solution to the problem of youth unemployment. I hope, indeed I know, that I speak for Government Members when I say that any suggestion that we were disparaging public sector workers is utterly unacceptable. The hon. Gentleman shakes his head, but he has had his say, his say was wrong, and the House should not accept it.

What is wrong, and what we do challenge, is the temporary nature of many of those jobs. We intend to deliver permanent, sustainable jobs, and I believe that most of them will have to be in the private sector. If Members are not willing to take my word for it, as I am sure some are not, let me tell them what the Confederation of British Industry said to the Work and Pensions Committee.

> "We are concerned the programme for the most part failed to deliver a long-term strategy to tackle youth unemployment. While there are undoubtedly some successes within the programme, the CBI argued there needs to be better business involvement and a greater focus on long-term job sustainability with future programmes. The Work Programme is the way to deliver this."

I am surprised that the Opposition have not raised some of the other measures that we have had to consider to help employers take people on. It is beyond question that employers who feel restricted by the heavy hand of all the employment legislation that has grown up over the last decade will think twice not just about employing people, but about retaining them. They may feel that someone who has worked for the company for nearly a year—just before the employment legislation protection kicks in—needs more training or help because he is not quite up to the job. At that point they will seriously consider whether it would be better to lose that employee immediately, before the rules kick in and cause difficulties in future, than to invest more time in him. That is a trade-off governed by excessively burdensome regulation. Such a restriction is not acceptable, and I am pleased that the Government are loosening it to provide flexibility for both employers and employees. *[Interruption.]* If the hon. Member for Preston (Mark Hendrick) wishes to intervene, all that he need do is ask, rather than chuntering from a sedentary position. I should be more than happy to take his intervention; otherwise I shall press on.

There is, I believe, evidence that we will produce more long-term sustainable jobs through apprenticeships. What evidence is there for this? I witnessed the hunger of those who wish to work and the appetite for recruitment in the private sector when I held a jobs fair in my constituency. It was put together without any cost to the state, and we managed to engage with local businesses and those who were looking for work, either immediately or in the near future. We brought in the voluntary sector too, so that those who wished to keep their CVs active and engaged could do so. We brought more than 40 companies together after a two-month period. Hundreds of visitors turned up and companies such as Johnson Matthey offered apprenticeships. That company is running a programme of apprenticeships which is not supported by the state but which will offer sustainable, long-term jobs to some of those who successfully get through. We had people willing to go to work in the voluntary sector, such is their appetite to keep their CVs active. I admire them and their hunger. Above all, we should note that at this jobs fair the jobs fundamentally came from the private sector in the local economy, thus keeping local jobs for local people. That is the future, which is why I believe that the combination of our enterprise economies, our welfare reforms and our support for apprenticeships will lift us out of this situation and help tackle youth unemployment.

3.11 pm

Katy Clark (North Ayrshire and Arran) (Lab): I am grateful for the opportunity to contribute to this important debate and to speak in favour of the motion, which is far from narrow. It goes much further than simply criticising the cancellation of the future jobs fund, which would have created 200,000 jobs. The motion states clearly our belief

> "that the Government's economic policies have slowed economic growth, raised youth unemployment and created the highest graduate unemployment for over a decade".

It is in that context that we need to have this debate. As Members from all parts of the House have said, youth unemployment is a significant problem in this country at this time. Given the economic figures that we are seeing, particularly the most recent growth figures indicating that the economy is shrinking and the revised figures from the Office for Budget Responsibility showing that levels of growth are projected to reduce, it is incredibly important to have this debate.

It is unfortunate that the future jobs fund and apprenticeships are being counterposed. The number of apprenticeships created by the previous Labour Government has been mentioned, and I would have liked Labour to

[Katy Clark]

have done even more on that. I hope that this Government will set about an ambitious apprenticeships scheme, but we have not seen it yet. I assure the Government that if they do so, they will get the full support of Labour Members, because we fully recognise the value of apprenticeships in both the public sector and the private sector.

My constituency has a strong tradition of public sector apprenticeships in engineering and in organisations such as the Ministry of Defence. Individuals have been trained in the public sector and have worked in it for a number of years, and have then gone on to work in other parts of industry and in the private sector. We want to encourage these apprenticeships and we want the Government to take this on board. Labour Members wish to see policies that will develop our industrial and manufacturing sector, that will support apprenticeships and that will do everything possible to create employment in the private sector. That is particularly important in constituencies such as mine, which faces a significant problem of unemployment, particularly youth unemployment.

My part of the world traditionally had a strong industrial and manufacturing sector, but those manufacturing jobs have gone over the course of many decades. In the 1970s, 17,000 people were employed by ICI at Ardeer in my constituency; 7,000 or 8,000 jobs went in the 1980s at the Glengarnock steel mill; and even when I was at school in the 1980s some 10,000 miners worked at the Killoch pit in south Ayrshire. So I come from a part of the world that has a strong and proud industrial past, but which has been devastated. The manufacturing base is now comparatively weak and we are dependent on the public sector to replace the jobs we had, so the 500,000 public sector jobs cut that the Government are proposing will have a disproportionate impact on areas such as mine.

My constituency has probably the worst youth unemployment problem in Scotland. The statistics show that 20% of our young people between the ages of 16 and 24 are receiving benefits, which is the highest level in Scotland, and that 14.7% of our 18 to 24-year-olds are claiming jobseeker's allowance.

So it is very fair to say that the part of the world that I represent faces significant challenges, and it is the duty of any Government to create policies that address those challenges and create the economic environment that will ensure that young people are able to get employment. There has been a significant increase in the number of young people in my constituency going into further and higher education over the past 20 years, which is to be welcomed. However, further and higher education is not necessarily the best choice for every young person. It may be something to consider at a later stage, but well-paid employment that gives hope for the future is the best option for some young people.

We have heard tragic stories today of young people who are unable to get jobs, and we know from experience that it takes many decades to recover from a period of high unemployment. All sorts of social problems are associated with high levels of unemployment and youth unemployment, and we spend many hours debating how to grapple with those. Such problems include crime, and drug and alcohol misuse, and they arise when we have the kinds of poverty that are associated with unemployment. Many of the benefit changes being proposed by this Government will disproportionately affect the unemployed, particularly the long-term unemployed. I am thinking of policies such as reducing housing benefit for those who are unemployed for 12 months or more— there are more and more of those people. The number of 18 to 24-year-olds in Scotland claiming jobseeker's allowance for six months or more has risen by 119% in the past two years, and the number of these people out of work for 12 months or more has risen by 349%. So we face significant challenges.

We have heard criticism of the future jobs fund today, but all the feedback I have received in my constituency, both from people using the fund and from those placing people on to it, has been very positive. The motion calls for an independent evaluation of the fund. We need that to be done, because the future jobs fund is one of the few schemes that is delivering for young people. We need to do everything we can to give young people political priority, so I think it is a tragedy that the scheme is being cancelled. I call on this Government to do more. They should not only support the future jobs fund, but take other steps to give young people the future they deserve. I thank you, Madam Deputy Speaker, for letting me contribute to this debate.

3.19 pm

Damian Hinds (East Hampshire) (Con): It is good to strike a bipartisan note in our debates, even on an Opposition day motion, and I am happy to concur with what a number of Opposition Members, including the right hon. Member for Birmingham, Hodge Hill (Mr Byrne), have said about the scourge of youth unemployment and that these are things we cannot wait to tackle. I am pleased and proud to speak in favour of one of the key clauses in the motion—the bit that says,

"urgent action is now required to stop…young people being lost to worklessness".

I think we can all agree on that but I suspect we might differ on something that I firmly believe—that the change of management in this country in May 2010 was an important first step towards doing that.

The right hon. Gentleman's Government left one in five young people out of work. The sharp rise in unemployment started in March 2008, but the sad truth is that there was double digit unemployment among young people according to the standard International Labour Organisation measure even in the good years—the years when the Government were borrowing to the hilt and spending money like it was going out of fashion. In an earlier intervention, I presented the right hon. Gentleman with the international comparisons that he declined to comment on in detail, but perhaps he will do so later.

Of course, Government programmes play a part in all this. I do not think that anyone in the House is suggesting there should be no Government intervention on youth unemployment—of course not. However, I say to the hon. Member for Vale of Clwyd (Chris Ruane), who I am delighted has just returned to the Chamber, that the piece of analysis that he presented concerned entirely the wrong question. We should not ask whether turning around a young person's life is worth £6,500—of course it is. It is worth that and a whole lot more.

Chris Ruane: Well do it then!

Damian Hinds: The hon. Gentleman displays—I shall not go on.

The important thing to ask is whether that £6,500 is better spent on the fund or on something else that will achieve the same result. It is vital to ask that question at any time, but particularly at a time when the Government and the country not only have no money, but have minus money.

There are examples of the future jobs fund working well. We have heard about what has been happening in Birmingham and Merseyside and I am sure there are many other examples, but we have to examine whether it was doing its job properly across the piece. I think there were three main problems with the future jobs fund—the future problem, the jobs problem and the fund problem. For the future, it was not sufficiently focused on people's personal development; the jobs involved were not the private sector jobs needed to drive the recovery; and its funding was simply not the most cost-effective way of spending money. Those problems are quite apart from the onerous application procedures, which were partly why so many of the jobs were in the public sector.

I welcome the new Government's Work programme, which will be more flexible, centred on the individual and, because of the payment by results element, will result in better value for money. As the Prime Minister said a few hours ago in Prime Minister's questions, it has often been asked why we cannot use the money that will be saved in future and spend it on those interventions now. That is exactly what the Work programme does.

The expansion of apprenticeships is very welcome. Many hon. Members have mentioned that so I shall not say any more on it, but I do want to talk about the new enterprise allowance, which seems to be based on the best features of the Prince's Trust work mentoring scheme, which I know a little about having formerly been a Prince's Trust business mentor. That fantastic programme gives young people who are starting businesses access not only to finance but to support, mentoring and coaching to help see things through. I am delighted that the Government are taking such a programme forward. I hope that we will also see more development of microfinance through community development financial institutions and credit unions once the relevant legislative reform order is brought through.

Welfare reform is also vital to the whole picture—not just the ambition but the intention and the plan to make sure that work will always pay in future. Programmes are only ever a part of all this, and I am glad that my hon. Friend the Member for Enfield North (Nick de Bois) mentioned that we need to broaden the debate. The most important thing of all for youth unemployment—indeed, any unemployment—is the state of the economy and our ability as a nation to take advantage of opportunities. We need a healthy physical and, just as importantly, human infrastructure.

There are three key elements to any overarching programme, which are interrelated. The first is having a buoyant private sector, the second is ensuring that the incentives are there to hire and invest in home-grown workers and the third is ensuring that we have the right skills and capabilities across the economy to take advantage of key growth markets.

Chris Leslie: In the city of Nottingham at this time last year, youth unemployment fell for five months continuously, but this year it has been rising. The hon. Gentleman talks about growth and how central it is, but does not he have some doubts that his Government are not doing quite enough on the growth strategy? Could he elaborate on that?

Damian Hinds: I do not have such doubts. I cannot comment in detail on Nottingham's figures over the past few years, but as we have been examining in this debate, the problem of youth unemployment has not started in the past few months: it has been with us for a long time and we have a structural issue.

I was talking about the buoyancy that is needed in the private sector. That starts with investment because when there is investment, businesses grow and take on workers, including young workers. To encourage investment, we need to keep interest rates low. To keep interest rates low, we need a Government who take the nation's finances seriously. We also need to ensure that lending is happening, and I am pleased that the Government are taking a very robust approach with the banks on that. Something that we need to work on more, but which will take some time, is ensuring that British firms are not bogged down in regulation, dead-weight administration and an enormously complicated tax system.

As well as a buoyant private sector, we need to make sure that we have the right skills to take advantage of the opportunities in the market, both generally and targeted at specific sectors. When we talk about productivity, we tend to focus on manufacturing, but the service sector now accounts for two thirds of the private sector and for much of the productivity gap that we have in relation to other leading nations. Services will continue to be important in future and we need to build up the skills base of our young people—not just their craft skills but their interpersonal and communication skills.

It is also right to have a targeted approach—a strategy for Great Britain plc. Our record on picking winners is not unblemished, but we do need a strategy. We will never again make T-shirts cheaper than China, but there are sectors in which we can excel. The trick is to find sectors in which there is the coincidence of a high-value, attractive growth market and something that Britain is uniquely well-placed to take advantage of, such as advanced manufacturing, pharmaceuticals, the creative industries, financial services, higher education and tourism.

Let me say a word on tourism, because my background is in the hospitality, leisure and tourism sector. [Hon. Members: "Ah!"] I do not know why people are saying "Ah." That market is in long-term growth and remains a great export opportunity for this country. We are well-placed to take advantage of that market because of our great heritage, our vibrant cities and our beautiful countryside. In that regard, I must say, on a local level, that I am delighted that the South Downs national park will be opening its doors in a few weeks' time.

When it comes to tourism at Great Britain plc, the marketing department is very good but I am afraid that the human resources department still needs some work.

Tristram Hunt (Stoke-on-Trent Central) (Lab): This is about the future jobs fund.

Damian Hinds: Actually, this is about unemployment and creating a vibrant economy in which people can be employed. If the hon. Gentleman reads every clause of the motion, he will discover that I am correct.

In the hospitality sector we find that at entry level, kids who have grown up in this country do not have the same skill sets as some of their rivals from other countries. It is not just about being able to make the best eggs benedict: it is about having the interpersonal skills I was talking about—greeting the customer, making eye contact, smiling, offering to help and owning the problem of the customer. Those are the sorts of skills that we need to build up. It is because of some of those gaps that some employers, sadly, actively prefer to take on young people who have not been educated in this country. That is a huge shame.

I am running out of time. I hugely welcome the Work programme, the enterprise allowance and the expansion in apprenticeships. I equally welcome the review of vocational education and training and the fresh look we are taking at the national curriculum and our commitment to improving education and benchmarking it against the very best in the world. I also welcome the fact that the Government are getting a grip on immigration, which is related to this, and the radical welfare reform. Most of all, I welcome the fact that the Government are living up to their responsibilities to eliminate the structural deficit, to keep interest rates low, to get businesses investing and to grow the economy and create jobs.

3.28 pm

Tristram Hunt (Stoke-on-Trent Central) (Lab): This is a very important debate, and it is a shame to see the Government Benches so empty, not least because the number of unemployment claimants in Stoke-on-Trent Central was more than 250 higher in January 2011 than in December 2010. The good work done by the Labour Government in stopping unemployment, preventing youth unemployment and preventing the worst of the recession is being steadily undone. That was the Labour vision—helping the least well-off through the toughest times. Now we face the morass of a noblesse oblige, laissez-faire big society model that will do little for my constituents.

Part of the Labour approach was the future jobs fund, which secured training and work for young people and slashed long-term ingrained unemployment. Many of my colleagues have spoken very effectively of how well the scheme has worked in their constituencies, and I can say the same of my constituency and the broader north Staffordshire area. The north Staffordshire future jobs fund put hundreds of people into work across Stoke-on-Trent, Newcastle-under-Lyme and Staffordshire Moorlands.

A good example was to be found at Epic Housing, a housing association in Bentilee in my constituency, a tough part of Stoke-on-Trent with ingrained problems of worklessness. Epic looks after 900 homes in the Bentilee area and put 26 people through the scheme, 10 of whom now have permanent jobs—six with Bentilee Environmental Services and Training and four with the parent firm, Epic. Malcolm Burdon, the social enterprise team leader—something that I believe the Government are in favour of—said:

"In six months, the lads go from sitting at home watching Jeremy Kyle to getting up in the morning and coming into work. It makes them disciplined."

I have nothing against Jeremy Kyle personally, but I am in favour of work and the discipline and pride that come with it, which I used to think the Conservative party believed in.

The future jobs fund has worked not just in Bentilee but in Abbey Green, and it has attacked a culture of worklessness in some tough communities in the city. It is important for my city because Stoke-on-Trent is now on an economic journey, which the Labour Government were helping. It lost its traditional industries, the pits and the pots. Mrs Thatcher did for the mining industry, globalisation did for the steel industry and mechanisation put tens of thousands out of work in the ceramics trade. We are now on a journey of retraining, reskilling, education and attacking worklessness. The collapse of those industries ingrained a culture of worklessness in many communities. People still had the idea that they could go to work in those traditional sectors without needing education and training, and when those jobs went, so too did a culture of workfulness. That filtered down the generations and there was a problem with getting people to work.

The current generation cannot go into the jobs of their fathers and forefathers. As the hon. Member for East Hampshire (Damian Hinds) said, we cannot make T-shirts cheaper than China, nor can we make ceramics cheaper than China in many instances, or steel. We therefore need to train people and give them skills, but we also need to get them back into a culture of work, and that was partly what the future jobs fund was about. My hon. Friend the Member for North Ayrshire and Arran (Katy Clark) explained very well how the fund got into communities and got people back into the culture that they needed.

The real problem with the attack on the future jobs fund is that it forms part of a triple whammy attack by the Government on young people. We had the withdrawal of the education maintenance allowance, which had allowed many people to make the transition to education and learning, which is very important in a city such as mine. We then had the rank stupidity of the teaching budget for universities being slashed by 80%, thereby imposing a £9,000 charge on tuition fees. We should not think for a minute that not all the good universities in the UK will seek to charge £9,000. That leaves many of us wondering what on earth the Government have against young people.

When those moves are combined with an economic policy of cutting too far and too fast, we see that the Government do not have a policy for growth. They have a policy that looks after the banks and supermarkets but slashes business investment.

Mr Edward Timpson (Crewe and Nantwich) (Con): Will the hon. Gentleman give way?

Tristram Hunt: I would be delighted to give way to a fellow north Staffordshire Member.

Mr Timpson: Cheshire, actually, but I know we are fairly close to each other. You'll get to know the geography fairly soon.

Will the hon. Gentleman take this opportunity to enlighten us on his party's policy for growth?

Tristram Hunt: My party's policy for growth is to rebalance the British economy, and to invest in industry, manufacturing and engineering, which are vital to the north Staffordshire economy. This Government give corporation tax cuts to the banks and the supermarkets, and end initiatives that help investment in science, manufacturing and engineering.

Welfare bills and jobseeker's allowance accounts are being added to by the undermining of the economic recovery and the scrapping of the future jobs fund, which itself imperils the Government's hopes of paying down the deficit. The argument about the extraneous cost of the future jobs fund is economic nonsense. My right hon. Friend the Member for Birkenhead (Mr Field), who is no longer in the Chamber, mentioned the great success of the scheme. Government Members like to pray my right hon. Friend in aid at every single opportunity, but on that point they would do well to listen to him.

Many of my colleagues wish to explain the success of the future jobs fund in their constituencies, but it would be unfair to leave my speech without a good old-fashioned example of Liberal Democrat hypocrisy. In a letter dated 21 April 2010, the Minister of State, Department for Work and Pensions, the hon. Member for Thornbury and Yate (Steve Webb), wrote:

"We have no plans to change or reduce existing commitments to the Future Jobs Fund. We believe that more help is needed for young people, not less."

We now know how far those commitments go.

Liberal Democrats say that they did not know what the books looked like or what the conditions were, but the Secretary of State for Business, Innovation and Skills spent his life writing about the storm and the catastrophe and the crash and all the rest of it, so the situation was not exactly unacknowledged. That talk was either over-egging or dissimulation.

The youth unemployment crisis and the future jobs fund policy points to three things: first, a series of broken promises, denials and U-turns by this shoddy Tory-led Government; secondly, the fact that they have no policy for growth or job creation, eggs benedict and all; and thirdly, the perils of the Government's vision of the big society. Labour believes in civil society working with the state, but the Government believe in the withdrawal of the state, which will have terrible results in the communities that we represent.

3.37 pm

Mr Marcus Jones (Nuneaton) (Con): I welcome the opportunity to contribute to this debate on youth unemployment. As I am sure all hon. Members know, youth unemployment is a huge problem that needs to be tackled. We should try to avoid playing politics on such an issue, but, sadly, the motion serves to make a party political point.

The future jobs fund is currently part of the policy, but the hon. Member for Stoke-on-Trent Central (Tristram Hunt) seems to think that it is the be-all and end-all, and a utopian solution to the problem of youth unemployment. He does not take into account the fact that it is part of an overall policy to tackle the huge problem of getting our young people into the labour market on a sustainable footing—I emphasise the word "sustainable".

In proposing the motion, the Labour party is creating a smokescreen—it is a red herring—to disguise the many years of failure to tackle youth unemployment. One in five young people is out of work, nearly 1 million are unemployed, and 600,000 who left education under the previous Government are yet to find work. That record of abject failure and that legacy leave little room for the Labour party to lecture the Government who are trying to sort those problems out, having taken on the worst public finances in living memory.

The future jobs fund was, I am sure, beneficial to some young people, but was it cost-effective and sustainable? Did it lead to permanent and sustainable employment for our young people? The evidence tells us that it did not.

Dame Anne Begg: As an employer, would the hon. Gentleman employ the person with two weeks' work experience on their CV or the person with six months' of work?

Mr Jones: It is incumbent on the Government to offer not short-term help but long-term sustainable help for young people. It is important for this Government to make sure that we create a culture in which our young people are ready for work, not force them into short-term work to try to prove themselves to employers. Our youngsters must be ready for work.

The evidence tells us that the future jobs fund was twice as expensive as an apprenticeship. In some places, particularly Birmingham, only 3% of jobs were in the private sector and in most instances very few permanent jobs were created. Most young people, however, are looking for permanent jobs. A grandmother who came to my surgery a few weeks ago wanted her grandson to have a sustainable, long-term future.

I would also like to explore the job market and the culture behind it, which is very important. Throughout Government policy, we must promote the idea of getting our young people into employment and it must be a priority across Departments to reduce the barriers that prevent young people from getting work and take down the barriers that prevent employers from taking young people on, because such barriers do exist.

We also need to look at aspiration, which is acknowledged, particularly by head teachers, as a problem in my constituency. On a number of recent visits to schools, I was told that many of their young people have two aspirations: one is to become a footballer and the other is to become a pop star. My lifelong knowledge of my constituency tells me that during my lifetime we have probably bred three or four people who have become professional footballers and made a living from the sport.

Chris Ruane: Name them!

Mr Jones: John Curtis, Peter Whittingham, Darren Gradsby, Julian Alsop—there's four. They have all done well at varying levels at the professional game. I can tell the hon. Member for Vale of Clwyd (Chris Ruane) that I cannot name anyone who has made it as a pop star. That is why I said that we need young people to have reasonable and achievable aspiration at all levels, which does not seem to be the case at the moment. We have to be honest and recognise that people have different abilities and different levels. That is the case in this House and in the country as a whole.

[Mr Marcus Jones]

We must ensure that those who can become doctors and those who go into the trades are valued. We must ensure that the work of young people on the checkout or stacking shelves at Tesco is also valued. We must show those young people that they can make it by working from right at the bottom up towards the top. One good example of that is Terry Leahy who went from stacking shelves at Tesco to become its chief executive; he has been very successful in the business world. We need to show young people that it is worth starting at the bottom of the ladder and working their way up, which can often be a fulfilling experience.

We need to ensure that employers have the right culture, particularly for apprentices. As part of national apprenticeship week, I last week visited a fine small business called MES Systems in my constituency. It employs two young apprentices who are doing fantastic work; they are both excellent and well rounded young men. They were hindered, however, because the culture makes it difficult for employers to give our young people the necessary leg-up to get out and do things on their own. This company employed two youngsters, as I say, one of whom was perfectly able to fit and maintain alarm systems under his own steam. Unfortunately, however, he still had to go around with an engineer and could not go out on his own in his van, as the company could not get access to insurance for him because he was too young. That is the sort of barrier that holds companies back. From what the company told me, I have no doubt that it could take on more young people if it had access to that type of facility.

On the Work programme, I welcome the policies put forward by the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling). The integrated package of support will replace an unclear, confused system that lacks accountability. We will reduce the bureaucratic burden of the current system, and make it simpler for young people and employers to understand, increasing the number of young people who get into work. It is important that we do not have a one-size-fits-all policy for such young people. As the hon. Member for Stoke-on-Trent Central and others have mentioned, things are not as they used to be: sons do not follow their fathers down the pit, or into the car factories as used to be the case in Coventry—*[Interruption.]* The hon. Member for Bassetlaw (John Mann) comments from a sedentary position, but in my area, which was heavily dependent on manufacturing, thousands of jobs at some of the biggest manufacturing names in this country were lost on his Government's watch, so they do not have such a proud record on that.

I reject the assertion in the motion about the future jobs fund, given the gravity of the problems faced by the Government in tackling youth unemployment. Members must work hard and take responsibility, across the House, to sort out the problem. I hope the Minister will elaborate on how that work will be taken forward.

3.46 pm

Julie Hilling (Bolton West) (Lab): I want to speak about the support needs of unemployed young people.

In the 1980s and '90s, I spent 10 years as a youth worker in a youth co-operative project for unemployed young people. At that time, more than a quarter of young people were unemployed. There was a generation of young people with no jobs, no hope and no future. *Some of those young people never* recovered: some committed suicide; some turned to drugs and alcohol; others ended up with long-term mental health problems. Even when the economy started to recover, those young people who had spent many years unemployed found it incredibly difficult to get a job. Let us be honest: would an employer prefer to take a 16-year-old fresh out of school, or a 26-year-old who had spent most of the previous 10 years out of work with nothing to get up for and nothing to do? The youth co-operative tried to stop the cycle of despair for unemployed young people, helped them to gain skills and set up their own businesses, gave them driving lessons and taught them how to use computers, built their confidence and gave them a reason to get out of bed. Then we were closed by Tory cuts to the youth service.

The Labour Government came along and introduced the Connexions service—careers advice plus. It provided straightforward careers advice for young people and a dedicated service of support for young people not in employment, education or training or those at risk of becoming NEET. The Government funded other programmes that provided support, training and education to young people, including a summer programme for 16-year-olds from the New Opportunities Fund. There was an activity agreement, a learning agreement, and from the working neighbourhoods fund a range of projects, including bespoke projects aimed at the most vulnerable young people, such as teenage parents and young offenders.

What happened as a result of that support and such programmes? From 1997 to the start of the global financial crisis, youth unemployment fell by 40%, and more than half of young people were off jobseeker's allowance within three months. Now we have a Tory-led Government, and it is back to the future. All the support programmes are being slashed, the Connexions service, future jobs fund and EMA are going, youth services are on the brink of destruction, and youth unemployment is at its highest since 1992. What are young people, especially those who need additional support because of poverty, disability or low educational attainment, to do? How will such young people compete with those who have more advantage?

The Government have also cut completely the funding to v, the national young volunteers service. Vinvolved provided fun, exciting, eye-opening volunteer experiences for young people, and one-to-one, tailored, maintained support. Most of the young people engaged in the project were experiencing difficult social and economic circumstances. Volunteering enhances young people's employability, gives them the opportunity to gain experience to put on their CVs, and allows them to get references and develop contacts to help them to get into full-time work. It also enables them to give back to their communities and, perhaps most importantly, gives them confidence and self-respect. The Government's replacement for it is merely an eight-week summer programme for 16-year-olds.

On Sunday I had the honour of presenting the volunteer of the year award for Greater Manchester to Matthew, a 21-year-old from Bolton. Matthew has multiple disabilities, had no confidence and was doing nothing. His Connexions adviser referred him to get involved in vinvolved. He was offered a number of volunteering opportunities,

which he took up. When his support worker visited him a few weeks later, she did not recognise him. He has continued to volunteer and is now training as a coach for disabled football. Matthew is on the road to getting a full-time job. He would not be if it were not for vinvolved.

Most young people from advantaged backgrounds will achieve the transition to work easily, but those from difficult backgrounds often find it less simple. Youth unemployment cannot be solved overnight. Therefore, we must provide support, not only in jobs but in positive activity and action so that our current generation of young people will survive, have hope and have a future.

3.50 pm

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): Scrapping the future jobs fund is a false economy for this country, because in saving a relatively modest sum in the short term the Government are recklessly running up much greater costs for society in the long term. Those greater costs will come from poor mental and physical health, to which persistent worklessness is linked, and which will have a long-term impact on the NHS and other social services. There will also be greater costs for the economy. A whole generation of people will be unskilled and unequipped for work. That will be a much greater cost for the economy because if we do not provide these young people with the right skills and experience during the downturn, we will lack the human capital to take advantage of the recovery down the line.

The future jobs fund was a serious response to the crisis of joblessness. At its heart was the guarantee of paid work for those who have been unemployed for more than six months. Underpinning it was the economic rationale that investment in jobs now would prevent a repeat of the lost generation of the 1980s. I was amused earlier today to hear the Prime Minister describe the Work programme as the biggest back-to-work programme since the 1930s. That is not much of an achievement, because there were no back-to-work programmes worth the name in the 1930s.

The analogy with the 1930s does hold in the following respect however. In the 1930s we had a Tory-led coalition presiding over mass unemployment. The unemployed were concentrated in the same areas that face the biggest challenges in creating jobs now. When the unemployed marched to London from Jarrow and elsewhere, the Government told them, "Sorry, but we can't help you as the financial markets won't wear it." Does that sound familiar?

The FJF was a creative response to a crisis of youth joblessness. Its abolition is to be regretted for a number of reasons. It is a tragedy for young people in my constituency, which has 13 people chasing every vacancy according to the most recent figures, and it is a tragedy for the country. Unless we invest now in these young people, we will not be able to reap the benefits of the recovery which will flow at some stage down the line. Investment is necessary now. Not investing in these young people is a false economy.

3.54 pm

Alison McGovern (Wirral South) (Lab): I will be very brief, because many Members on both sides of the House have contributed to the debate and have made excellent points.

Young people are always the victim of recessions; they are always the least able to cope. That is true around the world now: in both wealthy nations and developing countries, young people are the victims of the recent global economic crash. It was true in 1992 as well, which was a recession I remember only too well.

We live in a changing world. It is no longer possible to be like my dad and fail at education but succeed in the world of work. We have a different economy, where skills are necessary not just for well-paid jobs but for all jobs. That will continue in the future; our place in the global market has changed and we must recognise what that means for young people.

The existing culture of worklessness that other Members have mentioned and which my neighbour, my right hon. Friend the Member for Birkenhead (Mr Field), has done so much to research and question, arose from the failure in the 1980s to plan for change. Because we failed to plan then for better employment, we have an entrenched culture of worklessness. I hope that Ministers in this Government will not make the same mistake. I have certainly seen their commitment and I hope they will build on it by changing course.

To make sure that young people, especially those on Merseyside and those I represent in Wirral, do not pay the price of the crash, the Government should slow down the cuts, and invest to save. We shall not fix the deficit by forcing young people to remain on the dole. The Government must rethink their plans for work experience schemes that bear too many of the hallmarks of the short-termism of YTS in favour of real jobs in the voluntary and social sector. We can support that sector, which means so much to us, by investing in such jobs, as the future jobs fund was doing. That is the lesson the Government need to learn. It is not by pandering to hard-line calls for cuts that we shall fix the deficit, but by investing in young people for the future.

3.56 pm

Stephen Timms (East Ham) (Lab): We have had a good debate. From both sides of the House we have heard mounting alarm about the youth unemployment crisis that is battering every community in the land, not least, as we heard, those in Thurrock, Cardiff Central, Enfield North, East Hampshire and Nuneaton. We learned today that the number of unemployed young people has risen again and is perilously close to 1 million. The rate of unemployment among 16 to 24-year-olds, which came down in response to Government initiatives from the summer of 2009, rose sharply at the end of last year to the highest rate ever recorded. My hon. Friend the Member for North Ayrshire and Arran (Katy Clark) is right to underline the fact that the rate of unemployed new graduates is 20%. Not only is employment falling; young people are being deterred from education. My hon. Friend the Member for Wansbeck (Ian Lavery) was right; for young people, this is a perfect storm.

The Government should heed the warning, for example from Brendan Barber, that there

"is a real danger of losing another generation of young people".

That warning is coming not just from Labour and the trade unions. David Blanchflower, professor of economics at Dartford college, New Hampshire, formerly of the Monetary Policy Committee puts it thus:

"Our labour market problem is primarily a youth problem... The data shows that the coalition has sent the youth labour market back into crisis."

[Stephen Timms]

Ministers should certainly listen to the Recruitment and Employment Confederation. In the foreword to its report, "Avoiding a lost generation", the chief executive wrote:

"These young people risk becoming a 'lost generation' unless action is taken by all those with a role to play."

The REC calls for a series of specific measures from Government and others. The message is consistent. The Government need to act, but action from this Government is what we are missing.

What about the prospects for the coming months? We are at the start of a massive cull of public sector jobs. The Office for Budget Responsibility says that more than 400,000 of them will be lost over five years. Others say it will be worse. The OBR told us that in the current financial year 5,000 jobs would be lost, but the Chartered Institute of Personnel and Development said the figure would be nearer 50,000—10 times as many. We see from figures published this morning that the CIPD was right: 60,000 public sector jobs lost in six months.

What about the coming year? The OBR says that 40,000 jobs will go, but the Conservative-led Local Government Association says that local authorities alone will shed more than 100,000 jobs next year. The OBR seems to have failed to grasp the magnitude of what is going to happen.

There is no sign at all of the boom in private sector jobs that the Government promised to take up the slack. The Office for National Statistics spelled it out this morning. Growth in private sector jobs in the past quarter was nil. Nothing. Zero. With the Government, as Richard Lambert pointed out, having no growth strategy, we will not see a private sector job resurgence any time soon.

We wish the Work programme well, but if there is no work, as my hon. Friend the Member for Wansbeck said, it is not going to work. Now, in an extraordinary about-turn on the promises that Ministers have made about the Work programme, it turns out that it will help far fewer people than the programme that it is replacing. The scorecard published today by the think tank Reform sums up the position. For the Department, the DWP, it is a case of

"promising too much and delivering too little".

The Government have scrapped the future jobs fund, which has been the focus of the debate. People in Jobcentre Plus echo what we have heard in the debate. Those in my area say that FJF was clearly a success, with up to half of those who were placed in jobs being kept on by their employers after their six-month placement ended, with still others going on to other jobs with the benefit of great experience on their CV. We heard from several Members in the debate about the achievements of the fund. My hon. Friend the Member for Wirral South (Alison McGovern) mentioned people placed with Age Concern Wirral supporting voluntary sector capacity building.

My hon. Friend the Member for Bolton West (Julie Hilling) was right to underline the importance of volunteering as a route back into work. My hon. Friend the Member for Vale of Clwyd (Chris Ruane) paid tribute to Ali Thomas and her work at Rhyl city strategy. My hon. Friend the Member for Barnsley East (Michael Dugher) spoke about 200 young people whom, it was hoped, would be in work by the end of March. We heard from my hon. Friend the Member for Stoke-on-Trent Central (Tristram Hunt) about 26 people being placed in work through Epic housing association. There is a raft of achievements around the country, brightening the prospects of young people for the future.

The problem of youth unemployment is particularly serious at present because there is such a large cohort of young people. The size of that cohort will decrease over the next few years, so there is a strong case for the future jobs fund or something very like it, at least in the next few years. The Minister may not need to announce a long-term initiative, but she needs to grasp the scale of the problem in the short term and come up with proposals to tackle it.

It was the Churches report, "Unemployment and the Future of Work", that made the case 14 years ago that it was wrong in as prosperous a society as ours for large numbers of people to be deprived for long periods of the chance to earn a living. More than 250,000 of the young people currently out of work have been unemployed for more than a year. As we saw in the 1980s and in the early 1990s, long-term youth unemployment does untold long-term damage. We cannot afford the Government doing what those previous Governments did—abandoning yet another generation of young people. Young people do not need warm words or sympathy. They need action, and the time for action is now.

4.3 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): I thank Opposition Members for giving us the chance today to debate the record of the previous Labour Government. It has been a lively debate, which is perhaps unsurprising, given that the record of Labour is so fresh and bears the fingerprints of the right hon. Member for Birmingham, Hodge Hill (Mr Byrne), who opened the debate for the Opposition. I shall deal first with his contribution, which was a master-class in the selective use of statistics.

Let me clear up one or two of the right hon. Gentleman's statements. He asserted that redundancies are going up. In fact, redundancies are unchanged in the past quarter, at 145,000—less than half the level during the recession—and the number of people on JSA is 20,000 lower than at the election. The number of unfilled vacancies has risen by 40,000 this quarter to 500,000—the sorts of new jobs that can make a real difference in people's lives.

The right hon. Member for East Ham (Stephen Timms) called for action, and that is what we as a coalition Government are delivering. The Government are determined to make a difference to the lives of young people, which means tackling the root causes of unemployment, not just dealing with the symptoms. That is why we are supporting a host of new measures, including work clubs, Work Together, enterprise clubs and the new enterprise allowance, to help unemployed people move off benefits and into self-employment.

We are getting the Prince's Trust into jobcentres so that we can help build volunteering partnerships. That is why, for young people in particular, we are developing a far more flexible back-to-work model that gives Jobcentre Plus managers the freedom to work with them and help them get the support that in the past has been lacking. We are also launching a new work experience programme to get young people into the habits of work, with two to

eight-week placements targeting hard-to-help groups. We are putting 18 to 24-year-olds who have not succeeded in finding a job after nine months into the Work programme, with early entry for the most disadvantaged.

We have heard a host of contributions today and I would like to pick up on one or two of the themes that have been mentioned. The hon. Member for Barnsley East (Michael Dugher) made an important contribution when he said that jobs play a pivotal role in our lives, and I wholeheartedly agree. He will therefore be as angry as we on this side of the House are that youth unemployment grew by 270,000 under Labour's stewardship. I hope he can support the programmes that the Government have put forward to address the issues.

Sheila Gilmore (Edinburgh East) (Lab): Will the Minister give way?

Maria Miller: I will not, if the hon. Lady will forgive me, because we are very short of time.

My hon. Friend the Member for Thurrock (Jackie Doyle-Price) talked about the importance of employability, which did not always come through in Opposition Members' contributions. She outlined the importance of recognising the need to localise support for young people and, in particular, to involve local employers in imaginative thinking to try to unlock the potential of our youth. That theme was echoed by my hon. Friends the Members for Enfield North (Nick de Bois) and for East Hampshire (Damian Hinds), both of whom bring important experience to the debate as employers. My hon. Friend the Member for Enfield North talked about the importance of permanent and sustainable jobs and about Labour's failure to deliver a long-term, sustainable strategy for youth unemployment. By focusing on that broader element of the debate, he brought in the perspective of the employer.

My hon. Friend the Member for East Hampshire talked about the productivity gap that we see all too often in the market, a skills gap that the previous Government simply did not address, and the importance of education in ensuring that young people are skilled up for the future job market. My hon. Friend the Member for Cardiff Central (Jenny Willott) made an important point in the debate, as did Opposition Members later, about the importance of ensuring that the most vulnerable get the support they need to get into employment. I can assure her that, through my work as the Minister with responsibility for disabled people, and by pressing forward with Work Choice, we will ensure that the Work programme is supplemented by particularly specialist support in that area.

The hon. Member for North Ayrshire and Arran (Katy Clark), who is no longer in her place, made some important points on apprenticeships. Indeed, I think she said that she would have liked her party to have gone further on apprenticeships. I can assure her that where Labour did not go, we will go. I hope that she will support us in that.

Albert Owen: Will the Minister give way?

Maria Miller: If the hon. Gentleman will forgive me, I will not give way, because we have a lot to get through.

It is important to use apprenticeships in the public sector to transfer skills into the private sector. At the heart of the debate—this is the point that Labour Members were trying to bring out—is the role of the future jobs fund. We heard an impassioned speech from the hon. Member for Wansbeck (Ian Lavery), who made sure that the House listened to his contribution, but I must set one or two of his facts straight. He asserted many points in his contribution, some of which have already been refuted by colleagues. Just to make sure that he is clear, the coalition Government did not abolish the future jobs fund; 75,000 people have started on a future jobs fund job, and that figure will rise to more than 100,000 in the coming weeks. We have honoured all future jobs fund commitments. I hope that reassures the hon. Gentleman: we will make sure that young people in his constituency continue to receive the support to which he referred.

The hon. Members for Stoke-on-Trent Central (Tristram Hunt) and for Wirral South (Alison McGovern) raised a number of issues, particularly on the importance of inter-generational worklessness—something that Government Members feel was not tackled properly under 13 years of Labour. On the importance of re-establishing the culture of work, I am sure that their constituents would not support a scheme—the future jobs fund—that leaves half the young people whom it was designed to support on benefits seven months after they started on it. That is not the sort of success that anybody would like to see for young people today.

My hon. Friend the Member for Nuneaton (Mr Jones) could not have put it better: it feels today as if Labour has been trying to create a smokescreen to hide its true record of failure. Today, we have heard again about Labour's legacy of failure: a failure to tackle the root causes of youth unemployment, with the number of people in youth unemployment when they left office 270,000 higher than when they entered, and a legacy that they tried to fix with a catalogue of short-termist schemes that seemed to owe more to managing unemployment figures and creating headlines than to trying to provide for the long-term futures of the young people whom we represent.

Let us be clear: the future jobs fund has not delivered, and it does not deliver the long-term opportunities that we, as constituency Members, want. The undeniable fact is that about half of those who went into the future jobs fund were back in the unemployment queues seven months later. The right hon. Member for East Ham called for action, and that is exactly what the coalition Government are delivering. In contrast to Labour, we are focusing on long-term skills.

Sheila Gilmore: Is it not the case that youth unemployment fell below 700,000 only at the very end of the period 1992 to 1997? It did not rise above 700,000 again until 2007, when the recession came. So if we are comparing records, will the hon. Lady please get the record straight?

Maria Miller: I will absolutely get the record straight for the hon. Lady. It is very simple. She may give the House a lot of stats, but I will give one stat back to her: 270,000 more young people on unemployment benefits at the end of Labour's 13 years in government than at the start. That is the fact that matters.

In contrast—

Chris Ruane: Will the Minister give way?

Maria Miller: If the hon. Gentleman will forgive me, I will not, because I have two minutes in which to finish.

In contrast, we are focusing on long-term skills and sustainable jobs for young people—a real future for the people whom we represent. There will be 50,000 extra apprenticeships this year, at about half the cost of future jobs fund placements, and we will deliver skills that will last a lifetime. The Work programme will provide personalised support that has never been seen before in this country—caring for the individual and caring for individual needs.

There will be work experience opportunities for young people and voluntary opportunities that make the difference, with people getting that first step on the employment ladder and that first job. There will also be a new universal credit that supports young people into work and does not trap them in a lifetime of welfare dependency and underachievement.

Labour spent £4 billion on its new deal projects, much of which was aimed at young people, but we saw unemployment among young people going up. That is a national disgrace. The real change is happening right now. We are not wasting any time. We are giving the young people of Britain the support that they need to reach their potential and to get the experience and training that they need for long-term job opportunities. We are going to set people up for life with the skills that they need.

This is not the time to turn back to Labour's failed policies of the past 13 years. I urge hon. Members across the House to reject the Opposition motion and to support a more positive future for Britain.

Question put.

The House divided: Ayes 237, Noes 317.

Division No. 209] **[4.14 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Fiello, Robert
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gardiner, Barry
Gilmore, Sheila
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela

Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, Mr Iain

Tellers for the Ayes:
Mr David Anderson and Mark Hendrick

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan

Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mark Hunter and Jeremy Wright

Question accordingly negatived.

Mr Deputy Speaker (Mr Nigel Evans): I now have to announce the results of Divisions deferred from a previous day. On the Question relating to immigration, the Ayes were 474 and the Noes were 23, so the Ayes have it.

On the Question relating to the terrorist finance tracking programme, the Ayes were 484 and the Noes were 5, so the Ayes have it.

[The Division lists are published at the end of today's debates.]

Military Covenant

Mr Deputy Speaker (Mr Nigel Evans): Before I call the right hon. Member for East Renfrewshire (Mr Murphy) to move the motion, I should emphasise that a large number of Members wish to speak in this debate, which is why a six-minute limit has been put on Back-Bench speeches. May I also ask for restraint from Front Benchers, so as to enable as many Back Benchers to speak as possible?

4.29 pm

Mr Jim Murphy (East Renfrewshire) (Lab): I beg to move,

That this House supports establishing in law the definition of the Military Covenant, in so doing fulfilling the Prime Minister's pledge of 25 June 2010 to have 'a new Military Covenant that's written into the law of the land'; believes that this commitment should not be diluted or sidestepped; and further supports service charities' and families' calls for a legally-binding Military Covenant which defines the principles that should guide Government action on all aspects of defence policy.

I start by adding my condolences to those properly offered by the Prime Minister and the Leader of the Opposition earlier today to the families of Private Lewis Hendry from 3rd Battalion the Parachute Regiment, Private Conrad Lewis from 4th Battalion the Parachute Regiment and Lance Corporal Kyle Marshall from 2nd Battalion the Parachute Regiment. They will be loved for ever by their families, and I hope that they will be permanently honoured by our nation.

The motion before us has a straightforward purpose. It aims to fulfil the Conservative party's pledge to introduce a new military covenant that is written into the law of the land. It will properly fulfil the Conservatives' manifesto pledge to establish a tri-service military covenant. It aims to address the concerns articulated by the Royal British Legion and other service charities, and to set out in law the definition of the covenant so that there can be a legal basis for the principles that the Government must uphold in order to provide the forces community with the highest level of care and support. Inexplicably, the Government have already voted against an amendment in the Armed Forces Bill Committee that would have fulfilled the aims of today's motion.

Bob Russell (Colchester) (LD): Does the right hon. Gentleman agree that the points that he is about to raise were debated in detail in that Committee, and that clause 2 of the Bill bears the words "armed forces covenant"?

Mr Murphy: The clause contains the words "armed forces covenant report". The hon. Gentleman discussed these points in Committee, and I will expand on them a little later.

Mr James Gray (North Wiltshire) (Con): I am grateful to the right hon. Gentleman for giving give way, because I am keen to interrupt him at the beginning of his interesting speech. We are grateful for his support for our proposal to bring the military covenant into law. If he casts his mind back over the past 13 years, can he remember any occasion on which Labour either put a proposal to do that in its manifesto or committed itself in any way, shape or form to putting any kind of military covenant into law?

Mr Murphy: I am grateful to the hon. Gentleman for his keen sense of anticipation for my interesting speech. I have already said that, on reflection, we should have gone further towards taking the covenant out of the cut and thrust of party politics—[HON. MEMBERS: "Ah!"] I hope that all those on the Conservative and Liberal Democrat Benches who are now chiding us for not having done that will have the courage of their convictions and take this opportunity to vote for their manifesto commitment later this evening.

Many Members, of all parties, and most people in the country will be hoping that the Secretary of State will use today's debate as an opportunity to reconsider the Government's policy. This debate is important because the covenant is the unspoken contract between the nation and our services that guides us to serve with the utmost respect those who serve our country with incomparable courage. As our country continues to change, those values should remain constant. There is a tangible feeling up and down the country that that moral bond between the nation and the forces should be strengthened.

I want to make it clear from the outset that any criticism that I offer today is not mine alone. The Army Families Federation received 2,000 complaints about the Government's cuts from its members by e-mail in five days, many of which expressed real concern. The director general of the Royal British Legion, Chris Simpkins, has said of the Government's defence of their Armed Forces Bill:

"The Legion is concerned that this looks like the beginnings of a Government U-turn."

In truth, if the Government fail to back today's motion, that U-turn will be complete. Vice-Admiral Sir Michael Moore, the chairman of the Forces Pension Society, has described the Government's plan for the covenant as "incredibly wet and feeble", stating:

"It is flute music and arm waving. There is nothing of any substance, with just a couple of no-cost ideas".

Andrew Bridgen (North West Leicestershire) (Con): Will the right hon. Gentleman give way?

Mr Murphy: Bearing your stricture in mind again, Mr Deputy Speaker, of course I will.

Andrew Bridgen: Does the right hon. Gentleman not accept that for almost three years the last Labour Government were in complete denial about the adequacy of Snatch Land Rovers to protect our troops in Helmand? Does that not constitute a breach of the military covenant?

Mr Murphy: We massively increased the number of armoured vehicles going to Afghanistan, and that was the right thing to do.

The former commander of the Parachute Regiment in Afghanistan, Colonel Stuart Tootal, said at the weekend:

"There is a real fragility of morale in the Armed Forces at the moment."

It is regrettable that a Government so young should find themselves in a position so undesirable. That is of concern to Members in all parts of the House. These are real issues, which demand a more serious response than Ministers have given in the past few days and weeks.

Dan Byles (North Warwickshire) (Con): Would that be the same Colonel Stuart Tootal who resigned his position as commanding officer of the Paras in disgust at the way in which his soldiers had been treated under the Labour Government?

Mr Murphy: The hon. Gentleman knows that not to be the case. Stuart Tootal made his position very clear at the weekend.

I do not doubt the sincerity of Ministers' words. I have made that plain at each and every turn when I have spoken from the Dispatch Box. However, there is real confusion and concern about their actions. The reason for the growing anger is that they know that the Government's actions are sometimes enormously unfair, and, in the case of defining the covenant in law, utterly confused.

Let me explain why I think that the Government's position is flawed. In the Armed Forces Bill, the Government have provided for an annual report on the covenant, explicitly using the term "covenant". However, Ministers are choosing to overlook the fact that there is no legally binding definition of the term to accompany its use, which means that Ministers can themselves determine how it is interpreted.

Stephen Barclay (North East Cambridgeshire) (Con): In his evidence to the Public Accounts Committee last month, the most senior official in the Treasury, Sir Nick Macpherson, said that

"there was a point in the middle of the last decade where the MOD lost control of public spending."

Can the Minister explain what impact that has had on the military covenant?

Mr Murphy: At the same time the hon. Gentleman's party was demanding more spending on the Army, more spending on the Navy, more spending on the Royal Air Force, more aeroplanes and more ships. When there was real concern about funding, his party was demanding ever more spending. He cannot be in denial about that.

I would rather rely on the evidence of one of the hon. Gentleman's own Ministers in the debate on the Armed Forces Bill. He was very clear, and the Secretary of State must be clear as well in terms of meaningful commitment. The Under-Secretary of State for Defence, the right hon. Member for South Leicestershire (Mr Robathan), the veterans Minister, said that the Government had no intention of placing in law a legal definition of a covenant.

Angus Robertson (Moray) (SNP): Does the right hon. Gentleman agree that the sense of responsibility enshrined in a military covenant must also reflect care for service communities that are threatened with base closures? Does he agree that lessons could be learned from the United States, where there is a "transparent" commission which considers base realignment and closure, and an Office of Economic Adjustment, which gives substantial funds and support to closure-hit communities?

Mr Murphy: The hon. Gentleman knows, as I think everyone in Scotland knows, that we do not agree on everything when it comes to the armed forces, but he makes an important point about the impact on wider

[Mr Jim Murphy]

societies and communities of any base closures. During the last two years or so of the Labour Government, we considered the future of the firing range in the Western Isles, and it was not until we had received a full impact assessment of the impact on the community and the fragile economy of the islands that it was decided to halt the closure.

In Committee, the veterans Minister said:

"The covenant is a conceptual thing that will not be laid down in law."—[*Official Report, Armed Forces Public Bill Committee,* 10 February 2011; c. 21.]

The whole country will be simultaneously grateful to the Minister and disappointed that he has made the Government's position clear. It seems that the Government's main line of defence is to attack a non-existent threat. No one is arguing for a set of justiciable rights. No one really wants to campaign for such a thing.

The forces charities themselves said that they wanted the principles defined in law—they did not want new statutory rights—and that is what our motion sets out to achieve. In answer to the hon. Member for Colchester (Bob Russell) in the Select Committee that considered the Bill, the Royal British Legion's director general said:

"I understand the point about rigidity, specific definition and a detailed Covenant being included in law. I am not making that point at all. What I am saying is that the principles of which a Covenant should take account should be clearly stated and understood."

Mr Pat McFadden (Wolverhampton South East) (Lab): The Prime Minister's pledge was not made before the election in the heat of a campaign, but after it. In June last year, he said that the Government would have

"a new Military Covenant that's written into the law of the land".

Given the clarity of that pledge, will my right hon. Friend care to speculate as to why the Government would not fulfil that commitment?

Mr Murphy: That is probably going to be the hardest question I am asked all day. Just why have the Government U-turned on this issue, given that it was not a pre-election promise, but a post-election commitment? It is for the Secretary of State and his Ministers to articulate the reasons for their Government's action.

I come back to the point about principle rather than statutory obligations.

Stephen Barclay *rose—*

Alec Shelbrooke (Elmet and Rothwell) (Con) *rose—*

Charlie Elphicke (Dover) (Con) *rose—*

Mr Murphy: I have a choice. I have already given way to the hon. Member for North East Cambridgeshire (Stephen Barclay), so I shall give way to the hon. Member for Elmet and Rothwell (Alec Shelbrooke).

Alec Shelbrooke: The right hon. Gentleman is talking about what happened in the past. Will he take the opportunity to apologise on behalf of the previous Government for sending our troops to war without the correct equipment in 2003 because he did not want to alarm his own Back Benchers that his Government may have already decided to go to war in Iraq?

Mr Murphy: The fact is that I am remarkably proud of much of what my Government did in office in support of the armed forces: we produced the service personnel Command Paper and the first ever cross-government strategy; we made improvements for dependants waiting on NHS waiting lists; we provided support for and investment in the NHS; we ensured better treatment in the allocation of public housing; and basic pay went up in line with recommendations of the independent Armed Forces Pay Review Body in full for 11 years in a row. That is a remarkable set of investments, of which I am rightly proud.

Charlie Elphicke *rose—*

Mr Murphy: I will give way to the hon. Gentleman, but I do hope that he will at least seek to make the argument against our motion.

Charlie Elphicke: I understand the right hon. Gentleman's desire to take a Maoist year zero approach to all this. Leaving aside the obvious exercise in shamelessness, he nevertheless left a £38 billion black hole in the MOD, which has made it much harder to look after our troops in the future.

Mr Murphy: I know that for the hon. Gentleman's party it is always someone else's fault. The sacking of soldiers by e-mail was the Army's fault, then it was the civil servants' fault and by the end of the day it was the Labour Government's fault.

Stephen Barclay *rose—*

Mr Murphy: I give way again, but I hope that at least one Conservative Member will say whether they are going to vote to detail the principles involved in a definition of the military covenant.

Stephen Barclay: The right hon. Gentleman suggested that Conservative Members were pointing the finger elsewhere. Does he not agree with his parliamentary colleague, the right hon. Member for Barking (Margaret Hodge), who, as Chair of the Public Accounts Committee, agreed with the following finding:

"The Department has failed to develop a financial strategy identifying core spending priorities"?

The report in question also said:

"The Department's poor financial management has led to a...shortfall of...£36 billion".

Does he agree with his parliamentary colleague? Why was the military covenant not part of his Government's core spending priorities?

Mr Murphy: The hon. Gentleman is confused. The fact is that his party was demanding ever more spending on the armed forces in the midst of the recession and the financial crisis.

Alec Shelbrooke: Will the right hon. Gentleman give way?

Mr Murphy: No, I have already given way to the hon. Gentleman so I shall make some progress.

On the military covenant, the amendment to the Armed Forces Bill that the Secretary of State and his friends were intent on rejecting said:

"The Secretary of State must by Order through Statutory Instrument establish a written Military Covenant (henceforth referred to as "the Covenant") which sets out the definition of the word "covenant", used in Clause 2, line 6 of the Armed Forces Bill. The definition would set out the principles against which the annual armed forces covenant report would be judged."

That is the amendment that the Government have found so dangerous and refused to accept in Committee. That is the amendment that they claim would create a whole set of new justiciable rights when it would do no such thing.

Mr Jim Cunningham (Coventry South) (Lab): Does my right hon. Friend recall that the deficit that the Government now blame us for was accumulated over nearly 30 years, so they are as responsible for it as anyone? Does he agree that they should not have signed up to a covenant that they never intended to carry out?

Mr Murphy: The fact is that prior to the financial collapse across the world and the banking crisis, we had pared down the debt. [Hon. Members: "Oh."] There is no point in that crowd on the Government Front Bench moaning about this: throughout that period they demanded ever more spending on our armed forces. They cannot deny that.

Returning to the military covenant—

Mr Julian Brazier (Canterbury) (Con): Will the right hon. Gentleman give way?

Mr Murphy: In a second. So far, we have not had a single intervention from a Conservative Member who has said whether they are willing to back their own manifesto commitment. I do not mean that as a negative comment on the hon. Member for Canterbury (Mr Brazier) because I know he takes a keen interest in all these matters. I will happily give way to him.

Mr Brazier: I am grateful to the shadow Secretary of State for giving way. He knows that I have raised with Governments of different complexions issues from the treatment of the wounded to the state of married quarters. In my 24 years here, representing a garrison city, I have never once had a serviceman or service family come to me and say, "This is all about producing a legal definition of the military covenant." What they want is to be treated decently and that is what the Government are trying to do.

Mr Murphy: The hon. Gentleman knows that I respect him and we try to find common causes, but it is the manifesto on which he stood and in which his Prime Minister made a commitment.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): Does my right hon. Friend agree that various issues of concern to military families will be included in the report on the military covenant and that the content of that report should be determined by the external reference group and not by the Secretary of State?

Mr Murphy: My hon. Friend is absolutely right. The military covenant should not be whatever the Government of the day determine it to be. It should not be at the whim of Ministers to decide in a report what is and is not in the covenant. My hon. Friend makes a very important point.

The Government say that it is not necessary to detail the military covenant, in principle, in law, because they are already taking action. They mention the covenant in the report and it was mentioned in the Armed Forces Bill Committee. All those involved in the debate today—except, perhaps, for you, Mr Deputy Speaker, because you are free from involvement in these debates—will have received an e-mail from the Royal British Legion, which stated:

"As the nation's guardian of the Military Covenant, we would be very grateful if you could urge the Government to honour the Prime Minister's welcome commitment last June to enshrine the Military Covenant in law. We do not understand why the Government is now claiming that the commitment to produce an 'Armed Forces Covenant Report' is somehow the same thing as enshrining the Military Covenant in law. It is not the same thing at all."

I urge hon. Members from both Government parties to listen to the legion's voice and vote for the motion today.

The military covenant cannot be whatever Government Ministers of the day deign it to be. It should be defined in law so that it is removed from the cut and thrust of party politics. If the Secretary of State is true to his word, which I believe him to be, he should meaningfully define the covenant in law. What is needed is specific legislation to put the definition of the covenant on a legal footing. In the words of Chris Simpkins, the director general of the Royal British Legion:

"To suggest an annual covenant report would be as effective as a piece of legislation is nonsense and would be evidence of the Government doing a U-turn on their explicit promises."

Dr Andrew Murrison (South West Wiltshire) (Con): The right hon. Gentleman has been talking for 20 minutes about putting his definition of the military covenant into law. Is he going to give us any form of definition before he winds up his remarks?

Mr Murphy: I know the hon. Gentleman understands that it is not for me to give a legal definition of the military covenant at the Dispatch Box. It is for the Government to define the principles of it in a legal sense, along with the armed forces and their families in public consultation. *[Interruption.]* The Secretary of State's Parliamentary Private Secretary is screaming at the top of his voice that there is no definition. If the Conservatives were in any way interested in the matter, we could arrive at a definition of the armed forces covenant on a cross-party basis, involving armed forces families across the entire nation. In truth, they have turned their back on their own manifesto, will not listen to the British Legion and refuse to act on the issue at all.

Bob Russell: The shadow Secretary of State opened his comments with a tribute to three soldiers from the Colchester garrison. Some 3,000 of my constituents are in Helmand province, and if any of them get to watch or read about this debate, I do not think they will be impressed with the contributions that are being made. I urge Members on both sides of the House to show respect. Playing party politics with our armed forces is not what they want.

Mr Murphy: The hon. Gentleman makes a very important point. I have responded to each point raised in turn, and I will continue to do so.

We are asking the Conservative party to maintain its manifesto commitment, and to vote for it. We will vote for its manifesto commitment today, and the country will expect Conservative Members to do the same.

Today's debate also provides an opportunity for the Government to reflect again on their decision on the chief coroner's office. It would give families who have lost those closest to them, often in tragic, painful and extremely difficult circumstances—the type of people whom the hon. Member for Colchester was talking about—the right to the best possible investigations and military inquests into those deaths. On this day of all days, when the constitutional relationship between the House of Commons and the House of Lords is being considered, it is important that we listen to the House of Lords on that important issue.

I turn to the wider of issue of Afghanistan and its impact on the covenant. We have made it clear that we will support the Government on Afghanistan whenever possible, as we did on Monday. I welcome their continued commitment to update the House on progress there, particularly in the diplomatic effort, which seems far less advanced than the military campaign.

Those injured in Afghanistan face enormous burdens and a life of dramatic change. That places a huge responsibility on the Government and politicians of all parties to support them, so that the country fulfils its responsibility to them. Public services, public servants, charities, the private sector and Government must continually consider how best to support all our forces, particularly those who are injured. We should try to generate consensus on that at every possible opportunity.

Mr Mike Hancock (Portsmouth South) (LD): Why does the shadow Secretary of State think that the wording in the Armed Forces Bill, which reflects the will of the country to honour the covenant, is not what the people want? How does he think it fails to cover all the issues that he is talking about? A lot of armed forces personnel and their supporters undoubtedly believe that it does cover them.

Mr Murphy: As I said earlier, the British Legion has been pretty critical and straightforward about that. The problem is the word "covenant" being used but not given a legal definition, which allows Ministers and Governments of all parties to interpret and reinterpret it in an annual report. That is why the principle of legal definition is important.

Mr Hancock: We had the same problem when the last Government refused to accept their duty of care responsibilities. They did that because nobody could clearly define, in rigid legal terms, what a duty of care was.

Mr Kevan Jones (North Durham) (Lab): We did.

Mr Hancock: No, you didn't. The hon. Gentleman, who was a Minister and before that was on the Defence Committee, will remember from his experiences on the Committee that the Labour Government's big failure on the duty of care was that they were unable to define clearly what it meant.

Mr Murphy: The hon. Gentleman raises an important point, but I listened very carefully to the British Legion's campaign for the legal principle, and to its observations of the clear, glaring weaknesses in the current arrangements.

Several hon. Members *rose—*

Mr Murphy: I shall make some progress before giving way.

As I said, it is important that where we can, we should build consensus, such as on support for the operation in Afghanistan and on the treatment of those who return, but there is one matter on which it is difficult to support the Government: the switch from retail prices index to consumer prices index for forces pensions and benefits. That is a highly charged and emotional issue—rightly—but I shall make my case carefully, and I look forward to the Secretary of State being equally careful and detailed in his reply.

The impact of that switch will be felt by generations of our bravest, from those who jumped from landing craft on to the beaches of Normandy in 1944 to those facing the Taliban today in the Afghan desert sand. A corporal who has lost both legs in a bomb blast in Afghanistan will miss out on £500,000 in pension and benefit-related payments, and the 34-year-old wife of a staff sergeant killed in Afghanistan will be almost £750,000 worse off over her life.

There are only two possible justifications for that policy. The first is that Ministers think that the support that forces personnel and their dependants currently receive is overly generous, but I have not heard any of them say that. The second possible justification is, of course, deficit reduction, which Ministers do pray in aid. However, that argument does not add up. The impact of those measures will be felt long after the deficit has been paid down and the economy has returned to growth. The deficit is temporary, but those cuts will be felt for the rest of our forces' lives.

Mr Ben Wallace (Wyre and Preston North) (Con) *rose—*

Mr Murphy: I will happily give way to the hon. Gentleman, who has great experience on these matters. Does he support the Government's policy on the RPI-CPI switch?

Mr Wallace: The right hon. Gentleman said that we should reflect on the British Legion election manifesto and its 15 or 16 demands. The manifesto never mentions the covenant, but it does mention lots of solutions to help the welfare of our veterans and current serving personnel. What part of the Government's progress is he unhappy with in relation to the British Legion's manifesto, and what parts of the manifesto would he adopt sooner rather than later?

Mr Murphy: The hon. Gentleman has vast experience in such matters and I do not doubt his commitment, but there is limited validity in him brandishing last year's British Legion document when he does not accept what

it says in its e-mail today—it makes it very clear that it is unhappy with the Government's position and that it would like a legal definition of the military covenant. Of course we should work on a cross-party basis on this, and I would be happy to do so—

Dr Murrison *rose—*

Jim Sheridan (Paisley and Renfrewshire North) (Lab) *rose—*

Mr Murphy: I shall briefly give way to my hon. Friend.

Jim Sheridan: I concur with the hon. Member for Colchester (Bob Russell) that this should be a non-partisan debate, but my right hon. Friend is right to remind the House that during the Labour years, the then Opposition constantly criticised the Government on the lack of spending on protective equipment, as did the generals. We understand why the politicians criticised the Government, but why did the generals criticise them, and why have they suddenly gone quiet in the short period since the election?

Mr Murphy: I do not wish to reopen that debate, but my hon. Friend is free to make that point whenever he wishes to do so.

It is clear that to date, the Government's policy on the covenant and their policy on the RPI-CPI switch are policies without a patron. No Government Minister has defended them, yet Ministers expect Back-Benchers to suspend their consciences and their sense of right and wrong to vote through a policy that they have not backed.

The Secretary of State for Defence (Dr Liam Fox): If the change from RPI to CPI in relation to the armed forces is so iniquitous, will the right hon. Gentleman give an unequivocal guarantee that Labour will reverse it?

Mr Murphy: I remember being in the Government and playing that game of saying to the Opposition, "Name your next manifesto," but it is a desperate tactic. It took me 10 years to use that tactic, but it has taken the Defence Secretary only a few months. Today, he is at the Dispatch Box but will not even stand up for his own policy. Let me give him another opportunity to do so. Does he think it fair that when the deficit is temporary, this cut should be permanent? I am giving him a chance to articulate his own policy.

Dr Fox: This merely proves the economic illiteracy of the Labour party. Even when the deficit is going down, the total debt is going up and the debt repayment is going up. It will take a very long time, even when we are into positive growth, to see the debt coming down. The Labour party knows no more about economics in opposition than it knew in government.

Mr Murphy: This comes from the right hon. Gentleman who, when in opposition, demanded more spending on absolutely everything; even in the midst of financial crisis, he was demanding more and more spending. If this move is driven by deficit reduction, the Government should come forward with a temporary measure rather than a permanent change.

Finally, the military covenant goes to the heart of the relationship between the military, society and the Government. It should never be the exclusive property of one political party, but these permanent cuts undermine the Government's claim to be honouring the military covenant. Sir Michael Moore, chairman of the Forces Pension Society has said:

"I have never seen a government erode the morale of the Armed Forces so quickly."

That is a worrying position—one that we all hope to see reversed.

The truth is that this Government have lost the courage of the conviction and conscience they had in their manifesto. One day in June last year summarises this Government's approach to the covenant. On 25 June 2010, the Prime Minister stood on the decks of the Ark Royal, surrounded by members of the Royal Navy, with Harrier jets as a backdrop, and promised a new military covenant that was written into the law of the land. Parliament did not get a vote on the decision to scrap the Ark Royal and Parliament did not get the chance to express its view on the grounding of the Harrier fleet. Today, however, Parliament has the chance to make its voice heard. We should say it loud and clear, fulfil the Conservative party manifesto pledge and define the military covenant in law.

5.2 pm

The Secretary of State for Defence (Dr Liam Fox): Let me too begin by expressing our condolences to the family and friends of Private Lewis Hendry, 3rd Battalion the Parachute Regiment; Private Conrad Lewis, 4th Battalion the Parachute Regiment; Lance Corporal Kyle Marshall, 2nd Battalion the Parachute Regiment; Private Dean Hutchinson, 9th Regiment the Royal Logistic Corps; and Private Robert Wood, 17th Port and Maritime Regiment the Royal Logistic Corps, all of whom have died in action in Afghanistan. Every death is a personal tragedy; they are not simply numbers, and their loss is felt by families and friends. We in this House remember them all in our thoughts and prayers.

There is no doubt about the general desire in this country to improve and develop the armed forces covenant. It encompasses those of all ages and social groups, those with different politics and those with none. It does not and cannot exist in the abstract, however. It cannot be a wish list separated from the economic reality in which we find ourselves. A covenant between the armed forces and the British people cannot ignore the financial predicament in which the British people and their Government find themselves.

The starting point of this debate has to take account of the economic situation inherited by the coalition Government and the state in which the armed forces and the Ministry of Defence find themselves at the end of 13 years of Labour Government. In short, the issue for the Opposition, as set out in their motion, is one of credibility, so we should examine the credibility of Labour Members on the issues that the shadow Defence Secretary described as important.

Mr Denis MacShane (Rotherham) (Lab): Will the right hon. Gentleman give way?

Dr Fox: In a moment.

There are three charges that still hang around the necks of Labour when it comes to defence, the armed forces and the military covenant. In 13 years of power,

[Dr Fox]

their response to equipping our forces was often too little, too late; their spending priorities were wrong; and there was too much waste and inadequate budgetary control.

We have learned from the Chilcot inquiry—an independent inquiry—that it was purely for political reasons that the Labour Government failed to order enough equipment, including body armour, for troops in the lead-up to the Iraq war. They did not want to send the message that they were preparing for war, and the result was under-prepared, under-equipped forces sent into conflict.

In 2006, they failed to send enough troops and equipment into Helmand province and were painfully slow at providing more capable armoured vehicles to counter improved explosive devices. That led to a number of high-profile subsequent resignations from the Army, as has been pointed out. They went 12 years without a defence review, even though, according to numerous former Defence Ministers and service chiefs speaking at the Chilcot inquiry, the 1998 SDR was never properly funded. They overstretched our armed forces by fighting two wars on a peacetime budget.

Chris Bryant (Rhondda) (Lab) *rose—*

Dr Fox: I will give way in a moment.

The Labour Government overspent and overheated an equipment programme that contributed to a £38 billion black hole in the defence budget. In Labour's final year in power, the MOD saw a record overspend of £3.3 billion in the equipment programme. In fact, we inherited an equipment programme that has its top 15 projects £8.8 billion over budget and a cumulative delay of 32 years. When we were fighting two wars, their idea of commitment to defence and our armed forces was to appoint four different Defence Secretaries in four years, including one who served simultaneously as Defence Secretary and Secretary of State for Scotland.

Labour left a situation in which 42% of service single living accommodation in the UK, and 52% of overseas single living accommodation, was in the worst grade on a four-point scale—although in a speech that lasted half an hour, the shadow Defence Secretary did not once mention the quality of accommodation for our armed forces.

With all that going on, Labour Defence Secretaries spent almost £250,000 on modern art for the Ministry of Defence. As former Chief of the General Staff General Sir Mike Jackson said in his autobiography, they

"preferred to spend on abstract art money which might otherwise have directly benefited soldiers and their families. It may seem a small point, but to me it was so indicative of the cultural divide in the MoD".

The list goes on. In this country, we judge politicians not by their words but by their actions. The Labour Government had 13 years to put matters right; we have had nine months so far, and I will set out what we have done already.

Mr MacShane: I am glad to give the Secretary of State a moment to calm down from his election speech. On 11 January last year, he wrote to Mr Yeomans in Clevedon that the Conservative Government would review the rules on awarding medals, particularly the proposed national defence medal, which has been supported by nearly 200 right hon. and hon. Members in an early-day motion. Earlier this week, however, the Under-Secretary of State for Defence, Lord Astor of Hever, stated in the other place that the Ministry of Defence would not review the role or membership of the committee that would award the national defence medal if it is granted. That is a remarkable U-turn in one year. Will the Secretary of State address that point and discuss it with his ministerial colleague?

Dr Fox: I can give the right hon. Gentleman the news that we have completed the review on military medals, and today I signed off the report, which will be published, and no doubt discussed in the House, before Easter. He will get a clear answer to his questions.

Steve McCabe (Birmingham, Selly Oak) (Lab): I would like to judge the Secretary of State by his actions rather than his words. What progress is he making towards the establishment of a Government-funded post-traumatic stress treatment programme as promised in the armed forces manifesto?

Dr Fox: In a moment I shall set out how we have made progress on all the manifesto commitments. The hon. Gentleman will be pleasantly surprised.

Matthew Hancock (West Suffolk) (Con): Did the Secretary of State know about the evidence given by officials who served the Labour Government that it was the ministerial decision to delay the SDR that made the black hole that was left so big and the difficulty of getting matters in order so much greater?

Dr Fox: We could spend a great deal of time detailing the failures of the previous Government. Labour Members constantly talk about making changes as though we were in a vacuum or, as my hon. Friend the Member for Dover (Charlie Elphicke) said, at year zero. We are in a very difficult economic predicament largely of their making, yet they talk about not only the military covenant but almost everything else as if there were no financial cost and as if we should not take what is happening in the economy into account when it comes to pensions and programmes in the Ministry of Defence.

Dr Julian Lewis (New Forest East) (Con): Does my right hon. Friend agree that in the short term, while the economic situation is so bad, top priority should be given to the education of the children of those who have fallen in action or who have been so grievously wounded that their future earning power will never be restored?

Dr Fox: As I might have expected, my hon. Friend makes a very good point. In the programme for government, we listed a number of measures that will start the process of rebuilding the covenant, and I am pleased to be able to set out to him those that we have already accomplished.

As I have said on a number of occasions in the House, no decisions taken in the strategic defence and security review will have a negative impact on our mission in Afghanistan. In fact, we have already made great strides in improving the conditions for those serving

on the front line. In our nine months in office, we have doubled the operational allowance that was paid under the previous Government to over £5,000. Labour could have done so, but did not. We have changed the rules on rest and recuperation, so any lost days of leave—due to delays in the air bridge or any other operational requirements—will be added to post-tour leave. The previous Government could have done that, but they chose not to. We have also pledged to provide university and further education scholarships to the children of members of the armed forces who have been killed since 1990. The previous Government could have chosen to do so, but in 13 years they did not. The current Government have now included 36,000 service children as part of the pupil premium, recognising the uniqueness of service life and its effect on service children and service communities. Labour could have done so, but did not in 13 years.

John McDonnell (Hayes and Harlington) (Lab) *rose—*

Dr Fox: Perhaps the hon. Gentleman will tell us why not.

John McDonnell: I want to concentrate on a more serious issue, which I would like the Secretary of State to—*[Interruption.]* May I complete what I am saying? The Secretary of State has focused on the past Government's record, of which I have also been critical, but last week the current Government introduced an immigration fees order which I objected to, and which I see has been carried on a deferred Division today. The explanatory notes explain that it introduces for the first time the power for the Government to charge fees for the registration as British citizens of the children born to British armed forces personnel serving abroad. It cannot be right that we are penalising the children and families of service personnel serving abroad on our orders. I ask the Secretary of State to liaise with the Home Secretary to ensure that she exercises her discretion to waive these fees.

Dr Fox: I am also aware of some of the implications of that, and my officials have already had discussions about the issue with my Cabinet colleagues. I will write to the hon. Gentleman when I have some progress to report.

Chris Bryant: Will the Secretary of State give way?

Dr Fox: Not at the moment.

I have set out a number of areas where the Government have already acted in just nine months. Some £61.6 million has been allocated in the current financial year for the upgrade of, and improvement programmes for, service accommodation. That will include upgrading some 800 service family homes to the top standard, with a further 4,000 properties benefiting from other improvements such as new kitchens and bathrooms.

Of course, in the current tight financial situation priorities must be established. My welfare priority will be mental health. We have accepted in full the mental health plan for service personnel and veterans set out in the report by my hon. Friend the Member for South West Wiltshire (Dr Murrison). That will provide a range of improvements in mental health care, including increasing the number of mental health professionals from mental health trusts looking out for veterans and introducing structured mental health surveillance inquiries into routine service medical examinations and all discharge medicals.

The Government are committed to improving health care for our service personnel and have committed an additional £20 million in the SDSR for this purpose, part of which will be used to deliver further enhanced military mental health care services. I believe this must be our priority because it is all too easy to see the physical wounds of war, but the unseen mental wounds of war have too often gone undiagnosed and untreated, and all our society demands that we do not allow a mental health time bomb to be created.

Chris Bryant *rose—*

Jim Sheridan (Paisley and Renfrewshire North) (Lab) *rose—*

Dr Fox: I give way to the hon. Member for Paisley and Renfrewshire North (Jim Sheridan).

Jim Sheridan: The right hon. Gentleman is explaining the promises or pledges in his party manifesto. Do they include his pledge to compensate Christmas Island veterans, many of whom will be watching this debate and wanting an answer?

Dr Fox: That was not a commitment in the Conservative manifesto, but Ministers will constantly review the issue, as happened under previous Governments.

Chris Bryant: Will the Secretary of State give way?

Dr Fox: We have waited a long time, so I hope it's a cracker.

Chris Bryant: I want to ask the Secretary of State about 160 Brigade. As he knows, it is the Welsh brigade based in Brecon. Secret discussions have been going on over the last few weeks about collapsing the brigade and joining it with the West Midlands, which would mean there was no longer a Welsh brigade. Can he give an absolute assurance that that will not happen?

Dr Fox: As the hon. Gentleman knows, there are ongoing discussions in the armed forces, but as he has heard me say on a number of occasions, I am very keen that we have United Kingdom armed forces and that we maintain the footprint as widely as possible across the UK. If he wants to talk to me directly about that, I shall be happy to meet him.

Labour's legacy means that there is not enough to do all that we would like to do, but we can make a start. None of it alone will instantly rebuild the covenant, but it is a step in the right direction. In the difficult economic circumstances the coalition Government have inherited, where all parts of society are making sacrifices, repairing the covenant will not be straightforward. The armed forces are subject to the difficult decisions we have had to make on pay, pensions and allowances across Government.

Neither the Prime Minister nor I came into politics to see cuts in the armed forces, but we have to deal with the reality of the legacy. Every Department has to make a contribution to deficit reduction and the Ministry of Defence can be no exception. We have to put the economy on the right track for the sake of our national security.

[Dr Fox]

The coalition agreement recognises that we have to do more to ensure that our armed forces and their families have the support they need, and are treated with the dignity they deserve. Some of what we need to do will cost money, and with budgets squeezed, we may not be able to go as quickly as we want, but we will make progress where we can. The recent report on the covenant commissioned by the Prime Minister from the military historian Professor Hew Strachan suggests a number of ways to move forward. We are implementing some of them now and will announce in the near future the other recommendations we support.

As Members know, the military covenant was conceived as an expression of the mutual obligations that exist between the nation, the Army and each individual soldier. In consultation with service charities and others, the Government are rewriting the covenant as a new tri-service document—the armed forces covenant—which expresses the enduring, general principles that should govern the relationship between the nation, the Government and the armed forces community as a whole. It will include all three services, veterans, family members and local communities, thereby broadening the scope of the covenant. We shall publish it in the spring.

The reserve forces form an intrinsic part of the UK's defence capability and thus the armed forces community. The Ministry of Defence is responsible for ensuring that reservists are treated fairly and with respect, and that they are valued. In the drafting of the armed forces covenant, reserves have been considered equally alongside regulars. That will set the tone for Government policy aimed at improving the support available for serving and former members of the armed forces, and the families who carry so much of the burden, especially, as we remember today, in the event of injury or death.

Charlie Elphicke: Does my right hon. Friend agree that it is an extraordinary situation for the Opposition to call a debate on the military covenant, which by their own admission they cannot define, yet we have heard from my right hon. Friend a clear definition of the covenant, which is being written into the law of the land?

Dr Fox: It is surprising that the Opposition should be so desperate for a definition of the military covenant in law, yet fail to produce one themselves. It is just as absurd as their claim that they are trying to implement the Conservative manifesto on the subject. I happen to have the Conservative manifesto of 2010 in my hand and I see no commitment whatever to writing the military covenant into law. Indeed, we have gone further than our manifesto commitment in the coalition agreement by trying to take that forward. It is one of the elements that shows that the coalition Government were able to work together to go further than either party had done in the manifestos that we issued at the general election.

We need to ensure that progress is made, year on year. That is why we have brought forward legislation in the Armed Forces Bill requiring the Defence Secretary to present an armed forces covenant report to Parliament every year. I hope to deliver the first of those reports in the autumn.

John Woodcock (Barrow and Furness) (Lab/Co-op): Is the Secretary of State saying that his party never made a commitment to enshrining the principles in law? If he is not saying that, will he set out why his position has changed on this difficult subject?

Dr Fox: We are for the first time recognising the covenant in law. We are setting it out in law in the Armed Forces Bill that the Secretary of State for Defence will be required to come to the House of Commons, and when we have published the tri-forces covenant, the House of Commons will be able to decide whether the Government have lived up to their part of the bargain. I find it extraordinary that nine months into the new Government, when we are writing that into the law, we get complaints from the Opposition, who did not once try to do so in 13 years in power.

The covenant will set out how we are supporting our armed forces, their families and veterans in key areas such as health care, housing and education. It will be the first time the existence of the armed forces covenant has been recognised in statute. For that, I think all fair-minded people would believe that the coalition Government deserve some credit.

Mr Geoffrey Cox (Torridge and West Devon) (Con): Although I applaud what the Secretary of State is saying about his support for veterans and former members of the armed forces, may I draw to his attention the case of my constituent, Ann Dexter, whose son Richard Coombes is suffering from dire mental health problems as a consequence of his injury on active service? The Ministry of Defence was ordered by a judge to pay him £130,000 compensation but still, three years later, not all of that compensation has been paid. Will my right hon. Friend look into that case urgently and get back to the family to explain why the Ministry of Defence has not paid the compensation that it was ordered to pay?

Dr Fox: I am very surprised that three years after it was ordered by a judge to be paid, that compensation has not been paid. I will certainly look into the case that my hon. and learned Friend mentions.

The Government alone cannot provide all the support required so we are determined to strengthen the links with the charitable sector, which does so much good work, often unsung. In many ways those organisations are also heroes in our countries when it comes to the armed forces. Involving the charitable sector is the only way we can make a reality of the armed forces covenant, because the duty of care is on all of us, not simply the Government.

From now on, however, the Government are obliged to report progress on the covenant to Parliament annually. That will ensure that this Government, and indeed all future Governments, are held to account by Parliament. I made it clear last month on Second Reading of the Armed Forces Bill that the external reference group, which was mentioned by the hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne), will also continue to monitor Government progress. But it is about progress on the covenant on all sides, not just the Government's. The covenant is not just between the Government and the armed forces. It is a covenant with the whole of society. That is why I find the external reference group to be of such value. It will bring independence and clear-mindedness.

Sandra Osborne: When the Secretary of State refers to communities, does that include local communities where there are currently armed forces bases? What about the contribution that they have made over the years, and what about the economic impact on those communities of the closure of bases?

Dr Fox: As the hon. Lady knows, we are spending a great deal of time and effort getting the balance of the bases correct, primarily for our national security needs, but we will also take into account the social and other impacts that the changes will have. The hon. Gentleman from the Scottish National party who is normally in his seat usually intervenes at this point. We are aware of the changes—

Jim Shannon (Strangford) (DUP) *rose—*

Dr Fox: Wrong one.

The point is well made by the hon. Member for Ayr, Carrick and Cumnock. We understand the problems that we face, but it was inevitable when we had to make reductions under the SDSR that there would be changes to the basing. We are sympathetic to the local needs that she mentions.

Bob Russell: The Secretary of State will join me in mentioning a body that, as far as I recall, has not yet been referred to—the reserves and Territorials, without whom our actions in Afghanistan would be all the poorer.

Dr Fox: I realise that I might have a soporific effect on Members, so perhaps the hon. Gentleman missed my reference to the importance of the reserves. The Government are acutely aware of their importance and the part they play in the wider security of our country.

Jim Shannon: Will the Secretary of State give way?

Dr Fox: I will give way to the hon. Gentleman, as I rather ignored him a moment ago.

Jim Shannon: I speak not as an Irish or Scottish nationalist, but as a Northern Ireland Unionist. I know that the Secretary of State has already responded on the need to look after those with health and mental health conditions, but I have recently met people who had lost limbs, whether legs or arms, so will he indicate what help will be available for those people, because they have had the trauma of the physical disablement and of the resulting mental disablement? I am keen to hear what he will do to help those people.

Dr Fox: Those who suffer traumatic amputations, and often multiple traumatic amputations, increasingly get very high-quality care in this country, both from what the military and the NHS are doing. *[Interruption.]* Members on the Opposition Front Bench say that that is thanks to the previous Government, and I acknowledge their work on that front. With regard to the interface between the NHS and other services, we are again working increasingly to ensure that we get constructive action between them. Any Member who has visited the medical service or Headley Court will realise just what a high-quality service our armed forced get in this country. It is something of which the whole country, irrespective of politics, should be proud.

Looking after people who are currently serving is only part of the covenant; the duty of care does not end when active service ends. The community of veterans in Britain is estimated to be around 5 million strong. The vast majority of men and women who serve make the transition to civilian life successfully. Many of the skills they learn in the armed forces are highly sought after, as are their character traits: self-discipline, self-reliance and leadership. However, for a small number the transition is not so easy. Some find it difficult to get work or struggle to fit in. Others may suffer more serious problems, both physical and mental, as a result of their service, as the hon. Member for Strangford (Jim Shannon) has pointed out. Those are the people who most need our help.

First, we need to give people the help they need when they leave. It takes time to turn a civilian into a soldier, so we should take time to turn a soldier into a civilian. Our resettlement programme helps service leavers to navigate civilian life; everything from finding a job, to benefits, education and retraining. We are making sure that it is focused on those who need it most.

For example, ex-service personnel now get more support to study at university. The Department for Education is drawing up plans to create a new programme called "Troops to Teachers" to get experienced, high-quality ex-service personnel into the teaching profession. In a country where it is often claimed that there are not enough role models, believe me there are plenty in the armed forces.

Secondly, when a veteran falls on hard times, there should be somewhere to turn. The problems can result from debt, homelessness, addiction or mental illness resulting from their service. Such difficulties can occur years after leaving the services, so we need a proper partnership between all arms of government, national and local, and with the NHS. That means ensuring that veterans get fair access to local housing schemes, providing more money and more nurses for mental health and working with the charitable sector to get the right support to the right people at the right time.

Having worked as a doctor for some years with service personnel and their families, I have seen at first hand some of the difficulties and stress surrounding service life. Many of the pressures are the same faced by ordinary families up and down the country, but others are unique. Those have to be dealt with sensitively and appropriately.

Mr Tom Watson (West Bromwich East) (Lab): The Secretary of State is being very gracious, and I do appreciate him letting me in.

Will the right hon. Gentleman be a little clearer with me about the definition of "military covenant"? In the Bill Committee last week, the Under-Secretary of State for Defence, the right hon. Member for South Leicestershire (Mr Robathan) said that he thought the military covenant was a "conceptual" thing, a "philosophical statement", and that it would have

"the same legal position as the service Command Paper".—[*Official Report, Armed Forces Public Bill Committee*, 10 February 2011; c. 22.]

Is that the case? Can the Secretary of State give me his definition of the military covenant, so that he might explain to his Minister what it is?

Dr Fox: I have already set out that what my right hon. Friend says is true. There is a concept of what the covenant means in terms of the relationship between the armed forces and the people of this country, and the responsibility that the people of this country have not only to those serving in the armed forces, but to their families and to veterans. As I said very clearly, however, we are setting out and will publish in the spring a tri-service covenant for the first time. It has to go beyond the traditional covenant, which related to the Army; we are discussing the issue with the charitable sector and the armed forces; and we will publish that new tri-service covenant in the spring.

I am aware of the time constraints, Mr Speaker, so let me just remind the House of the point with which I began. This year, the £43 billion that the UK will spend on debt interest payments—the debt that the previous Government left behind—amounts to more than the Ministry of Defence, Foreign and Commonwealth Office and international aid budgets combined. If we did not have it hanging around our necks, how much more could we do on service housing, health care or allowances? Instead, we will get absolutely nothing back for that money. We cannot sustain that level of deficit and debt without losing our influence in the world or being forced to limit our foreign policy and defence options. If we learned anything as a country from the cold war, it was that the stronger our economy, the better our national security and the more we can do for our service personnel.

Labour's economic policies created a national security liability that goes behind the hard end of national security and impacts on how we treat our armed forces, their families and the veterans through the covenant. Labour wants to, but cannot, wash away its legacy by ignoring its actions while in government—a Government of whom Opposition Members were a part.

There is no point in the people who left us broke complaining that we are not doing enough. There is no point in the people who had 13 years to deliver, but failed to, telling us that we have not done enough in nine months. The shadow Defence Secretary is a very decent man, but he represents a party that failed in its duty to the armed forces. It has no creditability on the issues that should have been dealt with when the money was available in earlier years.

Because of the nation's dreadful finances, we as a Government are being forced to take some tough decisions—including on allowances and on pensions. We do not do so because we want to; we do so because we have to. We do so because, as the outgoing Labour Chief Secretary to the Treasury actually said in his note, "Sorry, there is no money left". Perhaps it was a joking matter for Labour, but it is deadly serious for the armed forces.

The coalition Government are taking the difficult decisions required to deal with Labour's legacy, and we will continue to rebuild the armed forces covenant. I wish we could go faster, but we will go as fast as we can. Opposition Members got us into this mess; this Government will get us out of it.

5.33 pm

Mr David Crausby (Bolton North East) (Lab): My dad landed in France and ran up the beach on D-day. If he was alive today, he would tell us that it was the fastest that he ran in his entire life. He would freely admit that, as he crouched in the landing craft heading for shore, with bullets pinging off the infrastructure, he was petrified of the doors opening. When they finally opened, his stomach turned over, and he went up that beach in full kit faster than Linford Christie. He made it unscathed to the top, but the next day he had most of his stomach blown out by a German shell in a field just beyond the beach. He suffered for it every day of his life for the next 48 years. In return, he received a small pension from the Government and spent the rest of his life worrying about losing it. He was grateful for the money. He spent most of it on beer, if the truth were known, but he enjoyed every pint. Was he worth it? Damn right he was, every penny, because without him and his mates, there would be a foreign flag flying over this Parliament—assuming, that is, that this building existed at all. We owe him, along with thousands of his comrades, a debt of honour. We must never forget that.

The very same applies to our present-day forces. They may be small in number, but when they put their lives on the line we have a duty to look after them, and their families.

Andrew Bridgen: Does the hon. Gentleman agree that the military power of our great country has been, is and always will be a projection of our economic power, which has been devastated by the mismanagement of the last Government?

Mr Crausby: I will get to that point.

We do not expect our forces to join a trade union or allow them to go on strike, so they are entitled to be treated differently. My dad lay in that French field for two days before he was found, but he was eventually flown back to the UK and put back together. When he recovered, he voted Labour, and he never missed the opportunity to vote Labour in every election until the day he died. I make that point simply because this is not a party political issue. Many of his comrades returned to vote Conservative, and Liberal, and other weird things, as was their entitlement, and some did not bother to vote at all. So it is shameful to turn the matter of the covenant into a point-scoring party political issue, as the hon. Member for North West Leicestershire (Andrew Bridgen) did.

We all know that we are in difficult circumstances, but I do not know what my dad would say about cutting soldiers' allowances at the same time as Barclays pay their investment bankers 20% more—not to mention making Afghan veterans redundant by e-mail, which is even worse than when John Major made Bosnian front-line veterans redundant by post. I suppose that the MOD has at least come up to date.

Bob Stewart (Beckenham) (Con): Will the hon. Gentleman give way?

Mr Crausby: For the last time.

Bob Stewart: John Major did not do that. I told Bosnian soldiers that they were made redundant personally by waking them up in the morning and telling them as they woke up, and then I gave them the paper. That was rotten.

Mr Crausby: In any event, it was shameful. Whatever my dad would have said about it, I assure people that it would not have been pretty.

The truth is that our defence expenditure is already too low, and has been for years when measured against our foreign policy aspirations. The most important pound that we earn is the one that we defend our families and our country with whenever we are in danger. When we are at war, it should be the last pound that we cut, and we must certainly never cut it from the people who are prepared to make the ultimate sacrifice for us.

Over the next few years, we will be spending countless billions on aircraft carriers, on fighter planes, on unmanned aerial vehicles, on nuclear submarines and on nuclear missiles; it will no doubt end up being very much more than the MOD's current estimates. So what are we playing at in cutting a relatively small sum from our armed forces' children's education? Last year in June, our Prime Minister stood on Ark Royal and talked about making formal commitments on matters such as education for military children and care for those injured on the battlefield. He said:

"I want all these things refreshed and renewed and written down in a new military covenant that's written into the law of the land."

He did not say, "I want an annual report."

Let me give the Prime Minister a tip, and perhaps the Chancellor and the Secretary of State for Defence will take note: if he expects to retain any political or personal integrity in life, he must not make promises that he cannot keep. We can understand Liberals making promises that they do not expect to keep, but the Tories should know better.

5.40 pm

Mark Lancaster (Milton Keynes North) (Con): It is an absolute pleasure to follow the hon. Member for Bolton North East (Mr Crausby), who has been an excellent member of the Defence Committee for several years. The moving story of his father reminded me of a T-shirt that we had printed when I commanded a bomb disposal squadron. On the front it said, "I'm a bomb disposal officer," and on the back it said, "If you see me running, try to keep up."

I start, of course, by declaring my interest as a serving member of the armed forces. It was an honour to serve in Bosnia and Kosovo, and I am grateful to the previous Government for allowing me to serve in Afghanistan in 2006. I wish to make it clear that any limited experience that I have pales into insignificance compared with that of those who are serving in Afghanistan today.

Much of the debate has been about whether the Government should enshrine the military covenant in law, or whether there should be a report on the military covenant by law. I am not a lawyer and, to be honest, I do not know about that. As a member of the armed forces and like fellow members of the armed forces, I do not really care. What is important to me is not whether we enshrine it in law. That is a process point which demonstrates how out of touch the House of Commons is with our armed forces. What is important to me is that this and future Governments are judged by what is achieved—by the output of the military covenant. I reserve the right in future years to come back and give my assessment on this Government and future Governments when we have reports on the military covenant in this place.

We have talked a lot about morale in the armed forces, and I will pinpoint one moment. I was excited in 2006 when the previous Government introduced the operational allowance, and I pay tribute to them for that. I received it, and for the record, I donated it to the Royal British Legion because I thought that was the right thing to do as a Member of Parliament. However, I also remember the horror when we discovered that, at the same time, the longer service separation allowance had been cut by almost exactly the same amount. There was a great fanfare by Tony Blair about the introduction of the operational allowance, and yet the cut to the longer service separation allowance was made quietly. Although I fully support this Government's doubling of the operational allowance, I give the caveat that members of our armed forces will be looking carefully at their payslips in future, such is the cynicism of many of them. We must be very careful on that point.

Another example is the introduction of the new payment system, the computerised joint personnel administration system. It had many gremlins, but such is the way with computer systems. One of the biggest problems with that system, which really upset members of the armed forces, related to the allowances. If somebody went from A to B, rather than being told what their allowances were, they had to go and find out. It was a pool system and people were not notified of what their allowances were. Like many of the benefits that were introduced, people were not automatically entitled to them. That needs to change.

The air bridge was mentioned in the opening remarks of the debate. I experienced the problems of the air bridge in 2006: being woken up five hours before the flight; getting stuck in Cyprus; not being able to ring home to tell the family that one would be late; finally getting back two days later; missing some leave; and having one's rifle sent to Aldershot, one's bag sent home and one's other kit sent elsewhere. I raised those concerns in the Chamber and there has been some improvement, but there are still major problems. I welcome the Government's move to ensure that any leave that one misses as a result of those problems is added to the end of one's post-tour leave. Some say that should happen in that two-week period, but that is impractical. It would be simply impossible for a commanding officer in Afghanistan to man his various companies without knowing when soldiers may return.

Finally, I want to say a few words about the reserves. As a reservist, I was delighted that the Secretary of State mentioned the reserves in his opening remarks. There was deep concern back in 2009 when, as reservists, we were told out of the blue that there would be no more training for six months because of mid-year savings. That decision was wrong, so I was delighted that the then Government saw the error of their ways and corrected it. However, that decision should never have been taken. If we are to promote a one-Army concept, we cannot treat the reserves as second-class citizens. I would like a reassurance that such silly measures, which target the Territorial Army and undermine the one-Army concept, will not be introduced again.

[Mark Lancaster]

The Government's move to recognise the military covenant in a Bill for the first time is to be welcomed. We can argue about the semantics, but as I said at the start of my speech, I and many other members of the armed forces will judge this and successive Governments not on the detail, but on what is achieved.

5.46 pm

Mrs Madeleine Moon (Bridgend) (Lab): I am incredibly pleased to follow the first two Back-Bench contributions to this debate. I hope that my contribution will be of the same incredibly high order, because it is that high level of debate that our armed forces want to hear from this Chamber, not the yah-boo politics that we heard from the Front Benches.

The military covenant is about the duty of care and the principles of that duty. It must set out the responsibilities of the Government and the country to those who serve and have risked their lives, just as the father of my hon. Friend the Member for Bolton North East (Mr Crausby) did and as the hon. Member for Milton Keynes North (Mark Lancaster) has done. The military covenant is about people who do not have a choice over where they go or what they are called on to do—people who have no right to strike or raise objections; people who have no voice. The military covenant should give a voice to those voiceless, and it must be enshrined in law.

Why must the military covenant be enshrined in law? At the moment, our military is suffering from insecurity and instability. Morale is at an all-time low. Everyone in the Chamber has talked to military families. They will have had military families come to their surgeries who are concerned about how they will weather the strategic defence and security review, the cuts in allowances that have suddenly come upon them and the job losses, whether they are civil servants, many of whom are ex-military, or serving military personnel. There are pressures and tensions everywhere across our armed forces.

The sacking of personnel by e-mail has sent shock waves through the armed forces. The failure to follow through on the training commitment to those young people—many were hours away from completing four years of training to achieve a qualification that would have carried them through the rest of their lives—has devastated families and young people.

Why has the British Legion taken the unusual step of writing to Members of Parliament to ask that the military covenant be endorsed in law? This is a matter of trust, but I do not think that we demonstrate a tremendous amount of trust when we descend into making party political points about the military covenant. I am sorry to say that the Conservatives and Liberal Democrats have already become the parties of broken promises and broken commitments—*[Interruption.]* I have to say that promises have also been broken by my party.

All of us have a duty to make the highest level of commitment to our armed forces, and we should be judged by our actions. We can all make a list of the things we have done and the things we have failed to do, but what we really need to do is think of the consequences in our communities, because families can be devastated by the decisions that come out of this Chamber. Young people's futures can be destroyed when their dreams of serving their country are thrown away, after they have read about the decision in a national newspaper.

The military covenant must not be simply a concept or a philosophy; it must be something that people can hold in their hands and feel secure about. It must be something that we, as a country, stand up to and stand by. Our armed forces and their families need to know that, whatever Government are in power, we will stand strongly by our commitments to them and that we will honour those commitments. As I have handed over veterans badges across my constituency over the past few years, I have seen the pride that people still felt about their years of service. They felt that those were the best years of their lives, and the times when they were most alive. We must honour those people, and make a commitment to them in law. If we are to have only a report, there must at the very least be a commitment to a free vote on the covenant for every Member of the House.

5.52 pm

Patrick Mercer (Newark) (Con): It is a privilege to follow the hon. Member for Bridgend (Mrs Moon), who more than lived up to her own billing. She spoke with great passion and great insight. I was also amused to hear the account from the hon. Member for Bolton North East (Mr Crausby) of what his father had done on D-day. If anyone had asked my father what he had done in the war, he would have said, "Actually, I was a D-day dodger." My father was wounded three times in Italy, but the events there never got the coverage that the troops in France did. The hon. Gentleman's contribution was a fascinating one. My hon. and gallant Friend the Member for Milton Keynes North (Mark Lancaster) gave us his insight into his own service, albeit as a reservist, and being called up to the front line. That was extremely interesting.

My hon. and gallant Friend the Member for South West Wiltshire (Dr Murrison) is preparing a document on the military covenant, and I have recently been asked what the covenant means to me. I was brought up to believe that the military covenant was the link between soldiers and officers, and between the nation and those soldiers, sailors, airmen and marines and their officers. Even more importantly, it is the link between the nation and the families, to whom the nation owes so much. I would like to pick up on a point that the hon. Member for Bridgend made, which is that the military covenant stands way above party politics. Yesterday's urgent question showed the House of Commons at its absolute best. It was about looking after the little people who do so much to defend this nation. I will expand on that in a moment.

In 1996, I led Nottinghamshire's own regiment, the Sherwood Foresters, through what was to be my constituency of Newark. We were essentially a peacetime army: we had come back from Northern Ireland and from Bosnia, but we were essentially a peacetime army. The burghers of Newark were polite, courteous and enthusiastic. The town was glad to see us.

Two years ago, the successor to that battalion, now sadly called 2 Mercian, paraded after its last tour in Afghanistan, where it had picked up a record number of conspicuous gallantry crosses—more than any other

battalion in the British Army. The town was mobbed. There was standing room only. Women and children were out on the streets. Union flags were being waved; regimental flags were being waved. The boys were overwhelmed by what they saw, and I was overwhelmed as well. I could not believe it. This was the military covenant put into practice.

What we must understand is that we are mere representatives of those people who were either marching or waving their flags. We must not make the mistake of believing that those kids off the streets of Newark, be they serving in Afghanistan or clapping from the pavements, understand or care about the semantics, the language and the legalities which we use so much and find so precious. What this is about is making sure that we honour our men, our women, our fighters and their families. Whether it be in law or whether it be simply talked about, as we are talking about it today, that is the important thing.

Pamela Nash (Airdrie and Shotts) (Lab): I do not think that anyone in the House disagrees with what the hon. Gentleman says, but does he agree that legislating for a military covenant would allow military families to trust the Government to provide everything that he mentions?

Patrick Mercer: I do not know and I do not care. What I do know is that when it works, it works superbly. I hope to say more about that shortly, but first let me explain how we have let our troops down and how the military covenant has been compromised.

Let me point out to all Members who were serving here at the time that this week in 2006, on 14 February, we had a debate which my friends and colleagues on the Opposition Benches will particularly remember. Troops were being committed to the Helmand valley in Afghanistan, an area where, in 1880, a British brigade lost 1,000 men in four hours, and where a Russian regimental unit lost 700 men over three days. We committed troops to that area without enough guns, without enough helicopters, without enough ammunition, and without enough bayonet power to do the job. That was the worst sort of compromise of the military covenant, and it was not done by Ministers wittingly. Most of it was done by career officers who did not understand that the military covenant involves the people who will do the fighting, not the talking and the theorising. That is what we must get right.

My hon. and gallant Friend the Member for Beckenham (Bob Stewart) mentioned the notice given to troops who were made redundant after Bosnia. I do not remember that, but I do know that in battalions such as the Cheshire Regiment, whose reputation stands high, the news of that measure was given by the commanding officer personally, because leadership was exercised. That is the point. The military covenant is about the exercise of leadership by officers and Ministers, and by the families whom both represent.

Yesterday, we heard about the most awful nonsense that had occurred some time earlier. A major had given news by e-mail of the sacking of a number of warrant officers who were serving all over the world. I appreciate that that was difficult to administer, but is notable that an urgent question was asked, that the Speaker allowed it to be dealt with in the Chamber, and that Members on both sides of the House stood up for those warrant officers against the leviathan that the Army can be. That was the Chamber at its best, and the military covenant at its best, because we were looking after the people whom we have a sacred duty to look after. I do not care whether that is written into law; the point is that we must get it right. We must honour these men, we must honour these women, and we must honour their families. That is a military covenant.

5.59 pm

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): It is an incredible pleasure to follow all the Back Benchers who have spoken this evening, as their speeches have shown the House of Commons at its best in terms of expertise and the passion with which Members have been speaking.

I start by paying tribute to our forces and the sacrifices they make for our country, and by referring to the grief of the families of those who have been lost. When I recently went to Afghanistan with the Select Committee on Defence, we visited a forward operating base—I believe this was the first time the Committee had done so—and the dangers faced by our soldiers on a daily basis were obvious and very humbling. Through the work taking place there and at Camp Bastion, together with the training of the Afghan army and police, we are seeing real progress, but for me it was the professionalism of our forces that shone through. The best part of the visit came when we spoke face to face with members of the forces. I was left in no doubt that they are extremely worried about their terms and conditions, and their future pension arrangements, and that many did not feel that they were being treated fairly. I had similar conversations when the previous Government were in office and I acknowledge that members of the armed forces were not happy then either. We have to acknowledge that much more can be done. The shadow Secretary of State outlined what had been done, but we need to make more progress.

In the House, we are rightly always hearing warm words of appreciation for our forces, but they can ring hollow if they are not put into practice in the military covenant and if promises are made and then not kept. In the Armed Forces Bill Committee, the Minister responsible for veterans said that the covenant is a "moral obligation" and a "philosophical statement" and therefore does not need to be spelled out in detail or enshrined in law. That is, of course, the exact opposite of the promise that the Prime Minister made on the Ark Royal—the "Ark of the covenant" perhaps.

My constituency in the south-west of Scotland covers large parts of Ayrshire that are closely associated with the Covenanters, who stood for the preservation of Presbyterianism against all attempts to re-establish Catholic or Episcopalian Church government—that is perhaps not the happiest of illustrations for our Front-Bench team of Murphy and Doyle to take on board. My point is merely that covenants are scattered throughout history, nowhere more so than in biblical times. They often represented the most deeply held beliefs and were of life and death proportions. The adjectives most commonly associated with them were words such as "solemn" and "binding". It was seldom enough for them to be written in the hearts and minds; it was far better for them to be written on tablets of stone or in blood.

[Sandra Osborne]

The military covenant is no less a thing, it is not a mere service level agreement and it is more than a bundle of moral obligations or philosophical statements. Moral obligations and philosophical statements do not pay the bills for our service personnel or veterans, nor do they give guarantees in legislation, which is the promise that was made and the promise that should be kept.

Angela Smith (Penistone and Stocksbridge) (Lab): My hon. Friend is making a tremendously impressive speech on this issue. The people of Barnsley, in my constituency, have great regard for the armed forces and they expect the Members they elect to this House to reflect that fact in not only everything they say, but everything they do. Does she agree with that?

Sandra Osborne: Yes, very much so.

We are fortunate that both the Armed Forces Bill Committee and the Defence Committee contain Members who have served with distinction in the armed forces, for example, the hon. Member for Milton Keynes North (Mark Lancaster), who spoke with such authority. I have not served in the forces, so I am grateful that I have had the chance to take part in the armed forces parliamentary scheme. As hon. Members will know, the scheme allows MPs to spend some 22 days a year with a particular service. Surprisingly enough, in my case it was with the Royal Marines and although it was in no way equivalent to the experience of actual service, it certainly opened my eyes to the reality of the job being done, as well as providing opportunities to speak frankly and off the record to the rank and file. I commend the scheme to hon. Members who might not be aware of it—it is very useful, especially given that relatively few Members of the House have served with the armed forces.

One issue that worries me about the Armed Forces Bill is the narrow way it is framed in terms of specifying the issues that should be included in the covenant. Education, health and housing are very important, but none of them comes under the remit of the MOD. That is not an adequate list of the many issues that exist and, as hon. Members have said, are by no means the only matters of concern. Pensions are of major concern and not just in relation to the retail prices index/consumer prices index debate: widows' allowances are also of concern. The agreement on pensions is being changed retrospectively and members of the armed forces feel aggrieved about that because they joined the forces in the belief that they would be guaranteed a decent pension. Now they feel let down. I mentioned the external reference group earlier because I think it is important that we have a level of independence. I do not make a party political point: I believe that Governments of any persuasion have a vested interest in highlighting the areas that suit them and ignoring those that do not. For example, why have pensions not been included even though they are obviously a hot issue?

Health care is extremely important and I was delighted to hear that the Secretary of State is prioritising mental health services. Combat Stress in my constituency does a tremendous job for people who suffer from post-traumatic stress disorder, including through cognitive behavioural therapy. I strongly welcome the prioritisation of mental health services and I look forward to the development of further services, but I repeat that a promise made should be a promise kept.

6.7 pm

Bob Russell (Colchester) (LD): I thank Back Benchers on both sides of the Chamber for having retrieved the debate, as *Hansard* will record. The debate will be read by many service personnel and former military personnel and, as I said in an earlier intervention, it does not go down well to play party politics with our armed forces.

Having served on the previous Armed Forces Bill—now the Armed Forces Act 2006—and on the Committee debating the current Armed Forces Bill, I pay tribute to the previous Government for the many advances that were made regarding the welfare and interests of our serving personnel and their families.

I have no recollection of the military covenant—now known as the armed forces covenant—being mentioned in our deliberations on the previous Bill. That concept has been brought about by the efforts of the Royal British Legion, to which I pay tribute. I also thank the Secretary of State for praising reservists and for reiterating that praise when I intervened on him, because that is part of the one-Army concept. Serving reservists and their families are sometimes left out of the debate.

The armed forces covenant will be enshrined in law when the Bill is enacted because those words will appear in legislation for the first time and because the Secretary of State will be required to come to the House each year and make a report. I am pretty confident that any Secretary of State who for whatever reason tried to airbrush out matters of concern would be quickly picked up, and quite rightly so, by any Member who thought such issues were being ignored.

Mr Kevan Jones: The hon. Gentleman says that the covenant will be enshrined in law, but he attended the Select Committee on the Armed Forces Bill the other day when the Under-Secretary of State for Defence, the right hon. Member for South Leicestershire (Mr Robathan), said of the covenant:

> "As I have explained already, it will be a conceptual, philosophical statement, and it will have about the same legal position as the service Command Paper".

To say that it will be enshrined in law is complete nonsense.

Bob Russell: I am not a lawyer, all I know is that the Bill, which I hope will become an Act, refers to the armed forces covenant. Should there be more than that, or should there be less? I do not know, but I do know that as the years unfold, that concept will be developed and built upon. Not only the Royal British Legion but other charities are involved. We have heard about the external reference group, but in fact a breakdown of that group has shown that the majority of its membership is within Government. It is more of an internal reference group, with a few very important external people added on.

Sandra Osborne: The hon. Gentleman will recall from the activities of the Bill Committee that the devolved Administrations are involved in the external reference group. So far, that is the only way in which they have been consulted on the Bill. Does he agree that such consultation is important?

Bob Russell: I have every confidence that the devolved Assemblies and elected representatives from the areas that they cover will not be silent on the Bill.

On Monday, members of the Committee visited the Colchester garrison, Merville barracks. They witnessed a virtually deserted barracks, because virtually ever soldier of 16 Air Assault Brigade is currently serving in Helmand province. I should like to place on record my admiration of, and thanks to, all soldiers in that brigade, including those from other nations who are attached to it. I understand that three people from the Danish army attached to it have lost their lives.

Members of the Select Committee also saw the modern housing there, which is single person's accommodation, for which the last Government can take credit. I do not agree with its being funded by a private finance initiative, because it will cost the public purse more in the long run, but it is the yardstick by which the provision of all accommodation for single military personnel will be judged in future. However, the Committee also saw the outside of some of the family accommodation. Although we did not go inside, it is accepted that some of it is not as good as it should be.

Across the road, former Army housing, now acquired by a housing association, is having millions of pounds spent on it from the public purse to provide additional rented accommodation for civilians. That accommodation is welcome, but when an Army family living in their substandard house see public money being spent across the road on modernising the most up-to-date housing available, they have to ask what the military covenant is doing. How can the Government find money to do up houses for civilians, which of course I welcome, yet tell us that there is no money to modernise the housing of people whose soldier husbands are serving in Afghanistan and putting their lives on the line? That has to be addressed. I am not making any party political point, because the families we met were not bothered about party politics as far as I could tell. They just wanted their Government to do something about the problem.

I shall end by talking about education, which is one of the three subjects covered by the covenant under the Bill, although others will flow from them. The pupil premium has been mentioned, and I welcome the concept, but it has not yet been spelled out to me what the criteria will be for that money stream to come forward for the children of military personnel. It will be one thing to identify military children on Army, Navy and Air Force bases, where the majority of the children at the local school will be from a military background. However, we know that increasing numbers of armed forces personnel do not live on military bases. How will the pupil premium find its way to young people from such families?

I welcome the Armed Forces Bill, and I believe that the armed forces covenant will be enshrined in the law of the land. I do not want to argue about the legal semantics, but the Bill is a huge step forward and we should thank the Royal British Legion for all its work.

6.15 pm

Teresa Pearce (Erith and Thamesmead) (Lab): I am proud to represent my constituency, which has a long military history—the arsenal at Woolwich is on our doorstep, and the new town of Thamesmead was built on arsenal land—but I am also proud to be a member of the Thamesmead Town and Abbey Wood Royal British Legion, and it is on behalf of my fellow members that I want to make just one point.

The Conservatives said in their armed forces manifesto that they would look into Lord Boyce's armed forces compensation scheme review to see whether the reforms were improving things for veterans. I suggest that they also look at how the policies of other Whitehall Departments, such as the Department for Work and Pensions, will affect the conditions for current and future veterans. The scale of the reduction in benefits following the switch from RPI to CPI will wipe out the increases in lump-sum payments that the previous Government introduced following the Boyce review. Far from improving conditions for veterans, that change will be a backward step and a huge blow to members of the armed forces, war widows and their families, because they rely on pensions earlier than other public sector workers. In their lives, members of the armed forces face the risk of injury—both physical and mental—and so rely on getting their pensions earlier, as do the widows and widowers of servicemen and servicewomen who are killed early in their careers.

Those groups, and those on the war pension scheme and the armed forces compensation scheme, will experience a greater diminution of the relative value of their pension over a greater period. Because of the switch to CPI, a 40-year-old squadron leader will lose £300,000 by the age of 85, which is not right. We should not be telling those who have risked their lives for this country that they must suffer a financial loss on such a scale for the sake of reducing the deficit as quickly as possible. As we heard earlier, the deficit is temporary, but the changes to the pensions of members of our armed forces and of other public sector workers will be permanent—the year-on-year reduction in their pensions will continue long after the structural deficit has been reduced.

I oppose in principle the switch to CPI from RPI, and I am unconvinced by the Government's argument that the former is a better measure. The Government need to postpone that change and to rethink their policy for all public sector workers, but members of our armed forces are a special case. They have served their country, often making huge sacrifices. That also applies to the wider families of personnel. The military service of personnel means that it is likely that they have been away from their families for long periods. We talk about the right to family life in the House when we talk about ourselves, but serving personnel should also have that right. The families of personnel worry every day about the injury or death in service of their loved one, waiting for that phone call or that message, which must be the most awful way to live.

Cutting the pensions of members of the armed services is not the way to reduce the structural deficit. I believe that the deficit can be reduced by greater investment, and a solid strategy for growth over time in a society in which everyone who is able to work does so, and in which we support those who cannot. I urge the Government to review that aspect of their pension policy and to abandon their short-term thinking on the economy, so that members of the armed forces and their families do not pay the price for the banking crisis, in which they had no part.

[Teresa Pearce]

As the general secretary of the Forces Pension Society, Major-General John Moore-Bick, says, the armed forces pension is "the bedrock of trust" on which members of our forces rely. They know that they or their families will be taken care of in the event of death or wounding, and they can trust that they will have a decent life after active service. We alter that bedrock of trust at our peril, and to our shame.

Several hon. Members *rose—*

Mr Speaker: Order. There are now only 20 minutes left for remaining Back-Bench contributions, and several Members still seek to catch my eye. Members are perfectly capable of doing the arithmetic for themselves, but I appeal to them to help each other.

6.19 pm

Bob Stewart (Beckenham) (Con): I will be as quick as I can. I love the idea of a military covenant. Of course our armed forces are a special case. They are a martial profession: people who join them do not do so to join a nursery school; they know they are going to take risks and they know they may lose their lives. As we know, they are in a unique profession, so we have to deal with them uniquely. That is why we must look after them. I repeat: we must look after them.

The military covenant is a work in progress. I agree with my hon. Friend the Member for Newark (Patrick Mercer), who is no longer in his place, and others who say that it is the idea of the covenant that counts rather than law. We feel strongly that the tri-service military covenant being looked at now, as work in progress, could get better. I feel that the military covenant comprises three crucial aspects, which I will quickly run through.

Mr Kevan Jones: What the Defence Secretary said this afternoon, which was also said in recent proceedings on the Armed Forces Bill, is that a document called "the armed forces covenant" is being worked on now and will be produced later this spring. If that is the case, and the Prime Minister is clear that the covenant should be written into law, why is it not part of the Armed Forces Bill? When an amendment was proposed last week to enshrine the covenant in law, why did the hon. Gentleman's party vote against it?

Bob Stewart: The answer is I do not know, but I will continue and I will be quick.

What is crucial to whatever we call the military covenant is how we respect our soldiers when they are killed. As a boy, I remember watching my father's battalion come back. He was the only officer who had not been killed and I remember watching the bodies come off the back of an aircraft at RAF Khormaksar in Aden. We have come a long way since then, and we must respect people properly. Secondly, the families must be looked after properly. When someone dies in the service of our country, we have a duty as a Government to look after those families for the rest of their lives. And my third point is that we have a duty to look after those who are hurt badly for the rest of their lives, too.

I am happy that the military covenant is going to be part of the Armed Forces Bill. I like the idea of having a report every year. I commend the idea of the Queen's regulations. When I was serving, they were my bible when it came to dealing with my soldiers and how I should behave. Perhaps the tri-service military covenant will in due course become part of the Queen's regulations.

Members on both sides of the House must try to do whatever we can in these parlous economic times to look after our soldiers so that we will remember them.

6.23 pm

Nick Smith (Blaenau Gwent) (Lab): There have been some excellent and thoughtful contributions to the debate. I am pleased that the Royal Welsh Regiment has been given the freedom of the borough in Blaenau Gwent this weekend.

Last week, I asked the Leader of the House for a debate on the Government's proposed changes to armed forces pensions. I have also tabled early-day motion 1367, which is now supported by 118 MPs from all parties. I welcome today's opportunity to raise the issue of the military covenant.

For service personnel and veterans in my constituency, pensions are a key component of the military covenant. Unfortunately, they do not believe that a permanent move from the retail prices index to the consumer prices index in calculating pension increases is fair, and neither do I. This change will slash the lifetime income of disabled servicemen wounded on active service. They have been targets of the Taliban and others; they should not be targets in their retirement.

I am proud of Wales's contribution to Britain's defence; it has been long and distinguished. The Welsh Assembly has an admirable record in providing for our armed forces. That is why armed forces personnel now get special help through the Assembly's homebuy scheme. It is good that the Welsh Assembly goes that bit further for our armed forces. That, I believe, is in contrast to the Government's policy on pensions for the armed services.

As my right hon. Friend the shadow Defence Secretary pointed out, the Opposition accept the need for pay restraint in public sector pay and pensions in the current economic circumstances. However, a permanent move to uprating pensions every year in line with CPI rather than RPI does not recognise the unique condition of military service and retirement. It will, for example, mean that those invalided out, and widows who lose their partner at a relatively young age, will lose out—and big time.

The impact of the Government proposals on pensions uprating are stark and startling. For example, a disabled, double amputee, 28-year-old corporal would lose £587,000 by the age of 70. I do not believe that is fair, given the sacrifices made by our armed services and servicemen and servicewomen. Lyndon Moore, the secretary of the Nantyglo British Legion in Blaenau Gwent, supports me in standing up for servicemen, who, he feels, have been let down by the Government in their hour of need. I applaud the coverage of this matter in *The Times* and in the Pensions Fit for Heroes campaign of the *Daily Mirror* in recent weeks.

The Government have acknowledged that the e-mail sackings were a dreadful mistake, and the Defence Secretary's apology yesterday was a full one. However, let us reflect on how it must feel to have one's long-term national service terminated by e-mail, especially when

one has served the country with distinction. The Government must sharpen up their act so that that dreadful mistake does not happen again.

I hope that in the short time left before the Budget, the Defence Secretary will make the case to the Chancellor for a rethink on armed services pensions uprating. We need an informed discussion on how we devise CPI and RPI. The International Association for Official Statistics has said that there is a risk of loss of public faith in official data. The public are sceptical about a measure such as CPI, which excludes housing costs. Service pensioners know that housing costs are a long-term element in their monthly outgoings, particularly for invalids and war widows. That is why CPI increases are so problematic for them, and that should be emphasised today.

Service personnel should be assured that the change in pensions uprating from RPI to CPI will be as brief as possible. Surely the Minister does not want to penalise service families for ever and a day. If the Government change their mind, it will be an important boost to service morale and will ensure that the military covenant is credible. Importantly, it is the right thing to do.

6.27 pm

Caroline Dinenage (Gosport) (Con): I pay tribute to the fantastic contributions that we have heard in the House today. In comparison, my speech will probably sound quite parochial, as I speak as a member of a forces family: my husband is a Royal Navy officer, so perhaps I should declare an interest as I am one of the people under discussion.

We have heard comments about political point scoring and making promises that we cannot keep, and those are the two issues on which I want to focus. The armed forces is not a homogenous mass or fighting machine, but soldiers, sailors, airmen, wives, husbands, kids, mothers and fathers. We are asking people not just to lay down their own lives but to lay down the lives of those whom they love most in the world, to protect our country and its interests. We must remember, every day in this Chamber, that those are the decisions that we are making.

I fully endorse the renaming of the military covenant as an armed forces covenant. The many Navy members of my constituency—it is a military constituency—have often felt that "the military covenant" is an Army-centric term, and they like the fact that the Navy and RAF are included in the rebranding of the name.

I want to reinforce the point made by some of my hon. Friends this afternoon that it is missing the point and the sentiment behind the covenant to talk about enshrining it in law. Forces families have heard it all before—*[Interruption.]* Hon. Members can chunter all they like, but I can talk only from personal experience. Successive Governments have promised to take care of the armed forces and failed to deliver.

Forces families do not want special treatment. They just want a level playing field; they want the same treatment as everybody else and the same opportunities as non-service families. Sadly, forces families are no strangers to having their hopes raised and then dashed. For example, MODern Housing Solutions offered itself as a revolution in delivering maintenance and repairs for forces accommodation. Everybody in married forces was very excited about that, but it failed to deliver its promises.

When I was newly wed to a naval officer, I was told by the wife of a more senior officer that the only thing I could guarantee in my life as a Navy wife was that the day my husband told me he would be home from sea is the only day he would not be home. That sums up the situation. Such changes of plan are unavoidable of course, but the MOD must work on its communication skills. Families can often be seen as a bit of a nuisance, and they are often the last to find out when their loved ones will be home.

David Simpson (Upper Bann) (DUP): Will the hon. Lady give way?

Caroline Dinenage: I would love to give way, but I will not do so as I am also thinking about other Members who wish to contribute.

An unhappy family makes an unhappy service person. We need to rebuild the trust of our armed forces, and if we make a promise we must stick to it. Making promises that are achievable and then exceeding expectations is far better than seeking to enshrine things in law.

The UK's armed forces have been working at a sustained rate for decades. Whitehall is lined with statues commemorating the valour of servicemen and women, but what would be a far more fitting commemoration in their honour is a tangible covenant that can respond to the changing needs of our armed forces and that keeps its promises to them and makes them feel safer abroad and more valued at home.

6.31 pm

Huw Irranca-Davies (Ogmore) (Lab): I will try to be brief by asking the Minister to answer the questions of others, not points raised by me.

The director general of the Royal British Legion, Chris Simpkins, said:

"We're seeing various allowances paid to the armed forces being reduced...If we then see that the Government isn't prepared to give a legal commitment to an armed forces covenant I feel that may well be the straw that breaks the camel's back and will have a very harmful impact on morale."

In case there is any doubt, he talked previously about

"the need to define and enshrine in law a set of principles in a military covenant."

Let me put some points made by serving armed forces families. J. Winfield of Nottingham says:

"Once again a new Government have got into power on the back of broken promises. For those of us in the military, we have seen a cut in take-home pay (not a pay freeze), an attack on our pension scheme (against the charter) and basically a complete betrayal by this Government. When the economic climate improves they need not worry about compulsory redundancies as experienced personnel will be leaving in droves. But let us remember 'we are all in this together'."

Hilary Adams of London says:

"I'm constantly amazed that anyone in the Army is surprised when they get dumped on by Government. Haven't you people realised you're nothing more than cannon fodder? They made a big PR issue of upping other perks to soldiers when they came into power. It should surely have been obvious that they would pay for that by taking it away from you elsewhere!"

Let me conclude by quoting some comments I have taken off one of the armed forces sites. As the Government Front-Bench team will know, these sites can use fruity language, so I have edited the comments.

[Huw Irranca-Davies]

"How many of you are actually aware that as we speak, the Government are to steal from each and every one of you who have served your country and earned your pension tens of thousands of pounds because they are to change the way the annual increase is worked out?...I just like thousands of other soldiers, sailors and airmen have done my time plus some more and now they have decided to change the goal posts. I stayed in and I am still in because of the pension, not because I like being institutionalised...For me integrity is important; if you promise something to a person, you keep that promise and give it to them. The next person to come along does not necessarily have to get the same deal, this is the way life is. I was promised something, and I want it in the same form I had become used to expecting I would receive it. I honoured my side of the agreement, will they"—

he is referring to the Government Front-Bench team—

"honour theirs? I doubt it."

He said:

"I shall be next year, aged 43, forced into possible unemployment because the option to remain serving isn't there for me like many others. Perhaps if enough of us actually give a hoot, and took action he"—

the Prime Minister—

"may have second thoughts. Wake up, people, if you are entitled to an Armed Forces pension you are going to lose tens of thousands of pounds over your lifetime. What really annoys me is that it seems many of you either don't know this is going to happen"—

speaking to his other colleagues—

"or don't give a damn. Please start to take action now before it's too late. We are getting royally bent over and"—

I leave the rest to the imagination of the House.

If the Government do not honour that covenant given on the Ark Royal, what will they do? Servicemen and their families are asking the House to honour the covenant. That is what the debate is about.

6.35 pm

Penny Mordaunt (Portsmouth North) (Con): I declare an interest as I am attached to Royal Navy Reserve, King Alfred, Portsmouth.

I want to make three points. First, many Members have pointed out that the covenant and defence are not the turf of one political party or another; they are far too important, and must be beyond political gain. Those of us in the Chamber today, and those of us who speak regularly on these issues, must work with our parliamentary colleagues to build understanding and interest in the contribution our armed forces make not just to security but to our entire way of life.

We need deeper understanding of the challenges that our armed forces and their families face in doing their duty, and I am pleased to announce that this year, for the first time, we will be holding a Trafalgar night in the House of Commons to showcase the contribution the Royal Navy makes to our way of life. I am delighted that the shadow Secretary of State has agreed to co-host that event with me. It shows how we can build depth and breadth in our colleagues' knowledge of defence and related matters.

Secondly, I repeat a point made by the Secretary of State. The covenant must be about actions, not just about words. We judge our service personnel in a binary way. Did we win? Did we secure our objectives? Our armed forces invariably do so. As politicians we do not have the same reputation. Given the catalogue of anecdotes about the failures of previous Governments, it is unsurprising that we face a sceptical audience in the armed services and their families.

The debate has been about words—about legal status—but our focus beyond today must be on action and results. I pay tribute to the Secretary of State and his ministerial team; they have done a lot in a short time on operational allowances, mental health services, rest and recreation and education, but the covenant is about much more than welfare issues, which leads me to my third and final point.

The covenant is just as much about our industrial strategy, the size of the defence budget and the voice of the military in future defence reviews as it is about welfare issues. In future months, I shall be arguing not just for service pensions to be linked to the retail prices index, for medals for submariners and the Arctic convoy, for damp-coursing in naval housing and additional allowances for those who search for improvised explosive devices, as well as for those who dispose of them, but also for a larger defence budget in future years, support for exporting Royal Navy-designed ships and for military representation on the secretariat of the National Security Council. Why? Because if the armed forces covenant is to be realised, it requires funds. It requires that we make the right procurement decisions and that we have a Parliament that listens to and learns from the concerns and day to day issues of service personnel.

In that sense, the subject of the debate is a decoy. Despite wonderful contributions, it is a piece of theatre. We know that the military covenant will be enshrined in law, but it will be the subsequent actions of the House on the broader, more fundamental issues that ultimately decide whether the covenant is worth the paper it is written on. I urge the shadow Secretary of State to focus on that in future Opposition day debates.

6.39 pm

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I shall make three quick observations. If the covenant is about anything, it must be about human resources and how we deal with people. First, will the Minister look at the composition of the Defence Board? If that was the board of a large international company, it would include human resources representatives. It does not, other than a human resources representative of one of the outside companies.

Secondly, the defence cuts go to 17,000 service personnel and 25,000 civilian personnel. Will the Minister ensure that we do not end up making the military, which will be on higher wage rates, perform functions that cheaper civilian personnel had performed, and that the proper resources are made available? Thirdly, will he consider whether, if the budget is not increased, he will be able to withdraw British troops from Germany in 2020? Will he bear in mind that military personnel deserve some stability in their life, and that making promises that he cannot keep is not a good idea?

6.40 pm

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): We have had an excellent debate this afternoon, including the speeches that we have just heard from the hon.

Member for Portsmouth North (Penny Mordaunt) and my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart). We called for the debate today to enable Members to hold the Government to account for the promises that they made to our service personnel. The Government said that the military covenant is shattered, but they have failed to offer a clear plan to strengthen it, and they have broken their promise to write the covenant into law.

Numerous Members paid tribute today to our armed forces and they are right to do so. None did so more movingly than my hon. Friend the Member for Bolton North East (Mr Crausby), who paid tribute to his father. Our servicemen and women do difficult and dangerous work all over the world and we owe them a huge debt of gratitude for the sacrifices that they make to safeguard our liberty. We must not forget our armed forces families, as the hon. Member for Gosport (Caroline Dinenage) reminded us. Theirs is a huge sacrifice too, having their husbands and wives, mothers and fathers, sons and daughters spend many months away from home risking their lives. That puts a great strain on families, but their support is priceless. We owe them our sincere thanks, but we also owe them fair treatment.

There was great progress on support for our armed forces under the previous Government. We delivered a cross-Government approach to forces' welfare. The Service Personnel Command Paper set out improved access to housing schemes and health care, free access to further and higher education for service leavers with six years' service, and extended travel concessions for veterans and for those seriously injured. We proposed strengthening the military covenant by enshrining the rights of our service personnel, their families and veterans in law through an armed forces charter. My hon. Friend the Member for Bridgend (Mrs Moon) explained why that measure is so important.

Christopher Pincher (Tamworth) (Con): Will the hon. Lady give way?

Gemma Doyle: I am happy to give way, but I may be able to do so only once.

Christopher Pincher: I am obliged to the hon. Lady. It has been a pleasure to serve with her on the Select Committee on the Armed Forces Bill and now on the Bill Committee. She mentioned enshrining the covenant in law, but she heard the evidence of General Mans, who told the Committee on 8 February 2011:

"I don't think there is a requirement to set down standards".

In the same Committee sitting she heard the evidence of Admiral Montgomery, who said:

"I have detected no appetite for legally enforceable measures within this covenant, none whatsoever."

Why are those gentlemen wrong and why is she right?

Gemma Doyle: Indeed, it has been a pleasure to serve with the hon. Gentleman on that Bill Committee. As he and I have already discussed, there has been some confusion over two separate issues. One is about a highly prescriptive covenant being written into law, and the other is about enshrining the covenant into law at all, which the Armed Forces Bill does not do, but which his own Prime Minister has said he wants to do.

That takes me neatly to the main thrust of today's debate—the Government's approach to our armed forces and to the military covenant. In opposition the Conservatives declared that the covenant was "shattered" and they promised to rebuild it. That does not fit with the coalition Government's record of action since they have been in office. Last week, on 10 February, a spokesperson for the RAF Families Federation, in evidence to the Armed Forces Bill Committee, said:

"At the moment, there is a real feeling within the armed forces that they are being battered from all sides."

The Government must pause and reflect on those comments.

The hon. and gallant Members for Milton Keynes North (Mark Lancaster) and for Newark (Patrick Mercer) spoke about their own service experiences. They both said that they do not know and they do not really care whether the armed forces covenant is enshrined in law. I entirely respect that position, and I entirely respect their service. My concern is that the Prime Minister promised that the military covenant will be enshrined in law, and that the Armed Forces Bill, as drafted, does not do that.

The Conservative and Liberal Democrat manifestos made wide-ranging pledges on covenant issues, but we have heard little about how, in government, they will take those forward. The Government's plan to link public sector pension rises to the consumer prices index, rather than the retail prices index, means that inflation will hit service personnel and war widows hard, as my hon. Friends the Members for Erith and Thamesmead (Teresa Pearce) and for Blaenau Gwent (Nick Smith) explained. That change is fundamentally unfair on the people who serve to defend our way of life, as my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne) noted, which is why we have suggested an alternative, fairer approach.

What action have the Government taken on the covenant? The Prime Minister established a taskforce to seek out

"low-cost, innovative policy options to help rebuild the military covenant".

The Government have said that they will ensure that our brave soldiers will get the best, but can the Minister really look them in the eye and assure them that that will happen, given that the Government have said that they want it done on the cheap?

As I have mentioned, Labour have proposed enshrining the rights of our armed forces in law. Last summer, it looked as though the Prime Minister had adopted our idea. He visited the aircraft carrier HMS Ark Royal and promised her sailors that

"Whether it's the schools you send your children to, whether it's the healthcare you expect, whether it's the fact that there should be a decent military ward for everyone who gets injured...I want all these things refreshed and renewed and written down in a new military covenant that's written into the law of the land."

Fast-forward eight months and what a change we have: HMS Ark Royal has been consigned to the scrap heap and the Prime Minister's promise has not fared much better. The Government have not enshrined a military covenant in law, and nor do they propose to do so in the Armed Forces Bill. We have had much debate on this point in the Bill Committee, with Ministry of Defence officials tying themselves in knots, frankly, arguing both that the covenant should not be laid down in law and that the Bill will in fact enshrine it in law—it was quite a sight to behold. However, the Under-Secretary

[Gemma Doyle]

of State for Defence, the right hon. Member for South Leicestershire (Mr Robathan), who is responsible for veterans and is serving on the Committee, has finally admitted that the covenant will not be laid down in law.

The hon. Member for Ogmore (Huw Irranca-Davies) raised the concerns of the Royal British Legion. Its e-mail to MPs today stated:

"We do not understand why the Government is now claiming that the commitment to produce an 'Armed Forces Covenant report' is somehow the same thing as enshrining the military covenant in law. It is not the same thing at all."

Neither the covenant, nor the principles by which we would understand it to operate, will be enshrined in law. The Government are not being honest with our armed forces. They promised a military covenant enshrined in law, but what is being offered is little more than fuzzy assurances and woolly platitudes. They should fulfil their promise, as our motion seeks to make them do, and ensure that they offer nothing less than the unshakable commitment and the cast-iron guarantee that our servicemen and women deserve.

Furthermore, like service personnel and charities, we have concerns about the annual covenant report that the Government plan to introduce. It is too narrowly defined and lacks the independence from Government required to ensure that it is an effective tool for improving the lives of members of our armed forces. It is to be welcomed that the Secretary of State will lay a report before Parliament for debate, as the hon. and gallant Member for Beckenham (Bob Stewart) mentioned, but as it stands, only health, education and housing are specifically cited as issues to be considered in that report. That is insufficient.

Of course those issues are vital to service personnel, their families and veterans, but there are many other concerns that affect their daily lives. I visited Colchester garrison this week, along with other members of the Bill Committee, and the hon. Member for Colchester (Bob Russell) spoke with pride today about the 16 Air Assault Brigade currently serving in Afghanistan. The concerns raised with me on Monday were about cuts to allowances, cuts to pensions and the difficulties faced by service family members seeking employment. As things stand, the Secretary of State would not be obliged to report on how those issues affect our armed forces. I think that he should at the very least report on issues that fall within his remit.

The Opposition have proposed that the scope of the covenant report should be expanded to include issues such as mental health care, pensions, benefits, employment and training. The Government have rejected our proposals in Committee in a clear indication that they want the Secretary of State to decide which issues should be reported to Parliament. I would like to address many other issues, but time does not permit me to do so.

Today's debate has been an important opportunity to hold the Government to account on their approach to our service personnel, their families and veterans. Our brave servicemen and women would be right to expect a lot from this Government, given their pre-election rhetoric, but they are not being honest. They have U-turned on a pledge delivered personally by the Prime Minister to enshrine the military covenant in law. It is no wonder that the chairman of the Forces Pension Society has said:

"I have never seen a Government erode the morale of the armed forces so quickly."

Our brave servicemen and women, their families and our veterans deserve better.

6.49 pm

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): The British people and, indeed, a great many Members will have been puzzled by today's debate, because all parts of the House agree on the substance of the issues and on looking after the armed forces, and we have heard from both sides how much people care about armed forces personnel, their families, veterans, the injured, widows and so on. So what we have heard, I fear, is a synthetic debate about semantics—dancing on the head of a pin. We on the Government Benches are absolutely concerned about results, not about party political point-scoring.

I shall turn my attention first, if I may, to the hon. Member for Bolton North East (Mr Crausby), who gave a very moving account of his father on D-day. The hon. Gentleman is absolutely right: we all, of whatever age, owe a huge debt to those who fought in the second world war on D-day and on other occasions. I have to say, however, that I am sorry he thought that people who went off after D-day and voted Conservative were voting weirdly; I have always thought that it was a bit weird to vote Labour, but never mind. We agree also on defence expenditure, but if I may say so gently, we cannot spend money that we do not have, and that is why we have to cut the defence budget.

My hon. and gallant Friend the Member for Milton Keynes North (Mark Lancaster) made, without doubt, the best joke of the day. He also spoke sensibly from experience, including recent operational experience, and I say to him, "Trust me. We will not forget the reserves." The reserves review will report this year to me.

The hon. Member for Bridgend (Mrs Moon) started calmly and asked to be non-political, but then I found that, rather sadly, she turned tribal and became rather party political. I do not doubt her sincerity, however, and I assure her that I and Her Majesty's Government similarly care deeply for the armed forces.

My hon. and gallant Friend the Member for Newark (Patrick Mercer) spoke from experience and, again, rather movingly, this time about the covenant manifested in Newark. I thank him for his contribution, and he is right: we must, indeed, look after our people in the armed forces.

Turning to the hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne), I am sorry to say this, but "the Ark of the covenant" was without doubt the worst joke of the day. Again, however, I do not doubt her commitment to, and support for, the armed forces. My hon. Friend the Member for Colchester (Bob Russell) is a great supporter of the armed forces and, indeed, of the covenant, and he made a sensible and knowledgeable contribution.

The hon. Members for Erith and Thamesmead (Teresa Pearce) and for Blaenau Gwent (Nick Smith) spoke about pensions, and again I do not doubt their sincerity. We are deeply concerned about, and looking specifically

at the issue of, widows and maimed personnel in terms of pensions. The hon. Lady referred to a 40-year-old squadron leader and how much his pension might be affected, but she should know that I have drawn a pension from the armed forces for more than 20 years, and although she may not think it, I have managed to earn a little on the way as a Member, so we need to be realistic about the issue: we cannot exempt everybody from the change to CPI from RPI. People who think we can are totally in denial about the state of the public finances, which the previous Government left to us. We have to clear up that mess, and we have no other duty than to do so before we deal with other matters.

Angela Smith *rose—*

Nick Smith *rose—*

Mr Robathan: I shall give way to the hon. Lady, because she sat through the debate and did not get in.

Angela Smith: The Minister is being very generous. Is it not the case, however, that the current Government knew about the deficit before the election? On that premise, why did they make the promise that they made to the electorate?

Mr Robathan: We did not appreciate quite what an awful state—*[Interruption.]* I could point the House to innumerable references to, "When we open the books, we will find out what things are like." We did not appreciate the awfulness. We certainly did not know that the MOD budget for the next 10 years was overspent by £38 billion. I am not sure what promise the hon. Lady is alleging that we are breaking, because I cannot see one.

Nick Smith: Will the Minister give way?

Mr Robathan: Yes, but I will make this the last time.

Nick Smith: The Minister hinted that he might be able to make some progress on pensions for widows and for people who have suffered injury. Can he give us some more detail on that?

Mr Robathan: I have had many discussions with representatives of the War Widows Association and the Forces Pension Society, and we are looking at particular cases and how we can perhaps take this forward. I cannot make any concrete commitment, but I can assure the hon. Gentleman that should we make any progress or change, I will let him know.

I thank my hon. and gallant Friend the Member for Beckenham (Bob Stewart) for his contribution. He, too, has been in receipt of a pension for a few years—a bigger one than mine, but there we go.

My hon. Friend the Member for Gosport (Caroline Dinenage), although not gallant herself, is married to a gallant officer. I am grateful for her contribution, in which she spoke from her experience of service family life. She is of course absolutely right: we have to look after the armed forces, and that is what we pledge to do.

I was rather surprised when the hon. Member for Ogmore (Huw Irranca-Davies), for whom I have always had a bit of affection, started to quote from blogs. I think we all read blogs from time to time, but most of the stuff that is written there is not worth repeating.

Huw Irranca-Davies: Far from blogs, I also quoted Chris Simpkins of the Royal British Legion, who said:

"The British public has shown it sees"

the role of coroner

"as vital in ensuring bereaved Service families can have confidence in the investigations of their loved ones' deaths. We believe it is fundamental to the inquest process and to the fulfilment of the Military Covenant".

The Minister should not respond to the blogs but to the Royal British Legion.

Mr Robathan: I will come to that if I have time at the end.

My hon. Friend the Member for Portsmouth North (Penny Mordaunt) might qualify as almost gallant in her role in the Royal Naval Reserve. I am grateful to her for what she said. She is absolutely right that this Government believe in action, not words—not spin, but results.

The hon. Member for Birmingham, Edgbaston (Ms Stuart) made three swift points that seemed pretty reasonable. I would love to respond and wonder if she could write to me about them.

I now turn to the Front-Bench contribution by the right hon. Member for East Renfrewshire (Mr Murphy). I expect that he now regrets having called this debate, because he has not come out of it with any credit. Like the hon. Member for Ogmore, he quoted at length the Royal British Legion. I have here the Royal British Legion's initial comments on the proposed armed forces covenant, dated 21 January—not four weeks ago—in which it says that it broadly welcomes the proposals. I am afraid that one can quote selectively at any stage, and Labour Members are doing so.

I am afraid that the hon. Member for West Dunbartonshire (Gemma Doyle) regurgitated the arguments that we have heard in the Select Committee on the Armed Forces Bill, and they had no more resonance. The Committee has made three visits—to the Nottingham reserves centre, to Colchester and to Headley Court—and I am disappointed that of the six Labour Members on the Committee, who make so much fuss about these things, three did not come on any of those visits.

Mr Alan Campbell (Tynemouth) (Lab) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Main Question accordingly put.

The House divided: Ayes 234, Noes 318.

Division No. 210] **[6.59 pm**

AYES

Abbott, Ms Diane	Barron, rh Mr Kevin
Abrahams, Debbie	Bayley, Hugh
Alexander, rh Mr Douglas	Beckett, rh Margaret
Alexander, Heidi	Begg, Dame Anne
Ali, Rushanara	Benn, rh Hilary
Anderson, Mr David	Benton, Mr Joe
Austin, Ian	Berger, Luciana
Bailey, Mr Adrian	Betts, Mr Clive
Bain, Mr William	Blackman-Woods, Roberta
Balls, rh Ed	Blenkinsop, Tom
Banks, Gordon	Blomfield, Paul

Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gardiner, Barry
Gilmore, Sheila
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hollobone, Mr Philip
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Wailey, Joan
Watson, Mr Tom
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, Mr Iain

Tellers for the Ayes:
Phil Wilson and Mr David Hamilton

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen

Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Shailesh Vara and Mark Hunter

Question accordingly negatived.

BUSINESS OF THE HOUSE (TODAY)

Motion made, and Question put forthwith (Standing Order No. 15).

That, at this day's sitting, (1) the Motion in the name of Sir George Young relating to Adjournment of the House (Today) and (2) consideration of any Lords Messages that may be received may be proceeded with, though opposed, until any hour.—*(Sir George Young.)*

Question agreed to.

DEFERRED DIVISONS

Motion made, and Question put forthwith (Standing Order No. 41A(3)).

That, at this day's sitting, Standing Order No. 41A (Deferred divisions) shall not apply to the Motion in the name of Sir George Young relating to Adjournment of the House (Today).—*(Mr Heath.)*

Question agreed to.

Parliamentary Voting System and Constituencies Bill

Consideration of Lords message

Mr Deputy Speaker (Mr Lindsay Hoyle): A message has been received from the Lords on the Parliamentary Voting System and Constituencies Bill. Under the Order of the House of 15 February, any message from the Lords relating to the Bill may be considered forthwith, without any Question put. The text of the Lords insistence on amendments 1 and 8, and reasons, is available in the Vote Office as Bill 152. A paper is also available in the Vote Office setting out the motion, which I now call on the Minister to move.

Lords message considered forthwith (Programme Order, 15 February).

Clause 1

REFERENDUM ON THE ALTERNATIVE VOTE SYSTEM

7.14 pm

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): I beg to move that this House insists on its disagreement with the Lords in their amendments 1 and 8, but proposes amendment (a) in lieu.

Yesterday the House debated whether to oppose including in the Bill Lord Rooker's amendments specifying that if less than 40% of the electorate vote in the referendum the result should not be binding. We have accepted an amendment in lieu. We do not accept that there should be a threshold in the referendum, and the amendment does not propose one. It simply states that the Electoral Commission must publish information about the turnout. If we were simply to oppose Lord Rooker's threshold amendment again without this amendment, and were their Lordships to reject our position, the rules on double insistence would result in the loss of the Bill. We have tabled our amendment to avoid that eventuality.

I explained in some detail yesterday why the Government disagreed with their lordships' proposal, both on principle and on the basis of the practical difficulties identified by both the Government and the Electoral Commission in giving it effect. I said then that I considered those arguments compelling, and the House agreed. When the motion to disagree was voted on, it was carried by 317 votes to 247, a majority of 70. That was on the back of a conclusive rejection of the proposals for a threshold made by my hon. Friend the Member for Stone (Mr Cash) on Report. I think that we made our view clear, and by a clear margin.

Kevin Brennan (Cardiff West) (Lab): I understand the Minister's point about the technical reasons for the Government's amendment, but does he not owe it to the House to explain what he considers to be the benefits of the amendment if we are to vote on it?

Mr Harper: If the hon. Gentleman will allow me, I will give the details as I proceed with my speech. If he does not think that I have done so satisfactorily, he can intervene again. I should say at this point that, although I shall attempt to be generous in giving way, I also want to ensure that other Members have an opportunity to contribute to the debate, so I may not be quite as generous as I was yesterday.

Mr William Cash (Stone) (Con): Having studied the amendment, I trust that the Minister will not spend another 25 to 30 minutes going through all the stuff about the Electoral Commission. We want to get down to the real stuff.

Mr Harper: If my hon. Friend will allow me, I will make some progress.

The House of Lords has now asked us to consider the matter again, after voting to reinstate the original provisions. It is only right, therefore, that I briefly report the reasons that it gave for doing so, and explain why I do not believe that those reasons are sufficient to change the clearly expressed view of the House of Commons. First, though, let me deal briefly with the suggestion made by the Lords that it was necessary for this House to consider the issue again because we had not given it proper scrutiny.

The House of Commons has debated the issue of thresholds on a number of occasions, and has voted conclusively against the principle twice. We specifically considered the merit of Lord Rooker's proposal. During the Lords debate, Lord Falconer suggested that I had misrepresented it, but I thought that I had made myself clear when I said that his amendment sought to make the referendum result indicative should turnout fall below 40%, rather than ruling out implementing the result altogether. My point was that this proposal is a threshold nevertheless, and I make no apology for making the case against it yesterday.

Mrs Eleanor Laing (Epping Forest) (Con): The Minister has just referred to two occasions on which the House has debated thresholds. Both times, the amendments under discussion had been tabled by me. I believe that thresholds are appropriate in the context of such matters as referendums. However, I accept that my amendments were defeated by the House of Commons, and that the will of the House of Commons must prevail. The House of Lords should accept that too.

Mr Harper: I am grateful for my hon. Friend's support. I am sure that her clarion call will be heard at the other end of the building.

This morning Lord Wallace made the important point that when a referendum poses a yes/no question, a turnout threshold effectively makes every abstention a no vote. A number of noble Lords supporting Lord Rooker's amendment suggested that that would not be the case with the kind of threshold that he had proposed. Let me make it clear that it would. Under his amendment, abstentions would still mean that a yes vote might not be upheld. The amendment would still create an incentive for those who favour a no vote to stay at home. Those who favour a no vote might well think that abstaining could create a low enough turnout to see off a yes vote.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Is not one of the problems with their lordships' threshold that it invalidates only one of the options—the alternative vote system? If the referendum turnout was under the threshold, both the first-past-the-post and AV options should, in fairness, be invalidated—if indeed we accept the principle of a threshold, which we should not. If we do accept it, either result should be invalidated in such circumstances.

Mr Harper: The hon. Gentleman makes a good point, because the threshold sets up an incentive for one side to campaign for people to stay at home. As democrats, we should all be arguing for people to turn out to vote, be it yes or no. That should apply no matter what side of the argument we are on, and Government Members have been very frank about the fact that we will be campaigning on different sides.

Kevin Brennan: Will the Minister give way?

Mr Harper: I have already given way to the hon. Gentleman.

Chris Ruane (Vale of Clwyd) (Lab): Only once.

Mr Harper: Once was enough. Let me make some progress.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Mr Brennan, the Minister has given way once and he has said that he is not going to give way again.

Mr Harper: I am grateful to you, Mr Deputy Speaker.

A related point made in the other place was the argument that Lord Rooker's threshold was appropriate because the question being decided in the referendum was constitutionally significant. My argument is that we are having the referendum because this is an important issue—it is about how we are elected. It is not right that we make that decision, because the people should decide how Members are elected to this House.

Mr Geoffrey Cox (Torridge and West Devon) (Con): What is meant by "the people"? Is there any size of turnout that the Minister would regard as not really constituting a verdict of the British people? Is it not sensible for a fundamental constitutional and political change such as this to have a minimum turnout threshold to warrant and justify it?

Mr Harper: Our system does not have a minimum turnout threshold for elections and we do not have a tradition of thresholds for the 10 referendums that have been held in this country. Only one of those referendums had a turnout threshold and its effect was to thwart the clearly expressed will of the people. It may have been something I agreed with, but it meant that that issue festered for another decade.

Kevin Brennan *rose—*

Mr Harper: I have already given way to the hon. Gentleman and I am going to make some progress.

There are some perverse mathematical effects of such a barrier. As I said yesterday, this Lords amendment provides that if 39% of the electorate turned out the result would not be binding, even if 75% of those voting were in favour of change, whereas if 41% of people turned out the result would be binding, even if far fewer people actually voted in favour of the proposal. In the first scenario, 30% of the electorate might have voted for change but be denied it, whereas in the second only 21% might need to vote for AV to see it implemented. Why should that be the case? I have heard no arguments, either in this House or in the other place, to explain how that would be fair.

Kevin Brennan: Will the Minister give way?

Mr Harper: I am not going to give way to the hon. Gentleman.

I know that some Members favour this Lords amendment because this referendum is binding, but the Government have made it very clear that we want to offer the people the chance to make a decision. If they make that decision, it would not be right for the matter to come back to this House and for us to say, "We have heard what you said and we are going to ignore it." That would not be right, however much we might not like what the people have told us. We accept that when we stand for election and we should accept it in a referendum.

Kevin Brennan *rose—*

Mr Harper: I am not going to give way.

The key arguments against the threshold remain as compelling as ever. I have addressed some of the points made by their lordships during their debate today. Although they are entitled to ask us to consider the matter again, I do not believe that the points they raised change the balance of argument.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Does my hon. Friend not recognise that there is a difference between an ordinary election and constitutional change? A common feature of many constitutions is having thresholds for constitutional change. Just because we have an unwritten constitution, that does not mean that we are absolved of any responsibility to show that there is a reasonable threshold for constitutional change. If there were only a 10% turnout in London, where there are no forthcoming local elections, would that really constitute a valid result?

Mr Harper: I have two points to make. First, on my hon. Friend's last point, we are talking about a national referendum and the important thing is to get people to vote across the whole of the United Kingdom. Secondly, we do not have a tradition in this country of thresholds for referendums either. Ten referendums have been held and only in the devolution referendum in the 1970s was a threshold inserted—the rest of the referendums had no such provision. He is being too pessimistic, because people will engage with this question. However, it would be wrong to thwart a clear decision—a yes vote—on the basis of the sort of mathematical formula that I have just set out. It could have quite perverse results and give an incentive for people to stay at home.

Mr James Gray (North Wiltshire) (Con) *rose—*

Kevin Brennan *rose—*

Mr Harper: I am just going to deal with the point the hon. Gentleman raised earlier. I am asking hon. Members on both sides of the House to disagree with amendments 1 and 8. In their place, we have proposed an amendment in lieu, which provides:

"Following the referendum, the Electoral Commission must—

(a) publish the most accurate estimate that it is reasonably possible to make of the turnout in each of England, Wales, Scotland and Northern Ireland".

Information on turnout is useful and important; a turnout threshold is not.

Chris Bryant (Rhondda) (Lab): As I said yesterday—I know that I do not carry the whole House with this first sentence, but perhaps I will carry more of it later—I support the alternative vote and will be voting yes in the referendum. However, the way in which the Deputy Prime Minister has conducted this piece of legislation, or rather the way in which he has not conducted it, is steadily putting me off the idea. It is an enormous shame that he does not have the courage to be in the Chamber this evening even to represent his own view. I say to Liberal Democrat friends who would like this legislation to pass, that it would be a good idea to progress in a slightly different way.

There have been many misunderstandings about the nature of the threshold that Lord Rooker suggests should be introduced, which their lordships agreed to by a significant majority earlier today. Some think that the threshold would act in a way that other thresholds have acted elsewhere—in other words, that it would make it impossible for the Government then to bring forward the alternative vote. That is expressly not what it does and I am afraid that the Minister rather elided his interpretation of the Rooker amendment yesterday evening. It is absolutely clear. As Lord Rooker said in this afternoon's debate in the other place, "I have said all along that if the turnout was less than 40%, the House could decide to implement AV and I would not argue with that."

The simple point that we are making is that because this is not a fatal, kill-all threshold, but would mean that Parliament would have to think again, it puts the decision in the right and proper place. Everyone who supports the alternative vote has some version of a threshold in their mind, whether it is 1%, 5% or 10%.

Paul Farrelly (Newcastle-under-Lyme) (Lab) *rose—*

Mr MacNeil *rose—*

Chris Bryant: I will give way in a moment. Of course we do not expect there to be only 10% or 15% voting in elections and we do not expect that to be the threshold in elections later this year, but there will be a significant difference between the turnout in England, Wales, Scotland and Northern Ireland. I say to Government Members who are concerned about how English people view the way in which the House transacts its business that if the votes of Scotland, Wales and Northern Ireland end up effectively rigging the vote across the whole United Kingdom because they are having other, substantial, national elections on the same day, I think that will bring the decision into disrepute, and that is a problem.

Paul Farrelly: Just before the Minister summarily sat down, he said that if there were a clear decision, it would be wrong to thwart it in this way, but he did not define what he meant by a clear decision. Will my hon. Friend ask the Minister to give the House a definition?

Chris Bryant: I am afraid that I have been asking the Minister to provide clear definitions and clarity for some time but we certainly did not get much of that yesterday. My point is fairly simple. The amendment that has come from their lordships would not kill off the decision that might come through if fewer than 40% of voters voted in the referendum in May, it simply means that Parliament would have to take cognisance of the decision, so it would be an advisory referendum rather than an implementing referendum.

Mr David Winnick (Walsall North) (Lab): Is it not the case that the amendment was originally carried by one vote in the Lords and was today carried by a majority of 62, including 27 Conservatives? Does not that show the strength of feeling in the Lords about the necessity for this modification in the Bill?

Chris Bryant: I believe my hon. Friend was in the Chamber yesterday when we had an interesting moment. The Minister effectively advanced his own threshold argument, which was that winning by only one vote in the House of Lords somehow did not really matter. I think their lordships listened to what he said and decided that they would introduce a threshold of their own—a 60-vote majority—which they surpassed quite easily. I am grateful to the Minister for helping us win more significantly in the House of Lords earlier today. I hope that his contribution this evening will do that again.

7.30 pm

Ian Murray (Edinburgh South) (Lab): One of the key arguments being made is that AV would mean that all Members of the House would have 50% of the vote, or close to it, and therefore have legitimacy. Does it not follow that if there is a miserly turnout in the referendum, it will not have legitimacy and the matter should come back to the House for us to debate whether the result should stand?

Chris Bryant: It is a particular irony for those who advocate the alternative vote, as I do, which in the majority of situations will mean that an MP will have secured 50% of the vote—

Sir Alan Beith (Berwick-upon-Tweed) (LD): Will the hon. Gentleman give way?

Mr MacNeil Will the hon. Gentleman give way?

Chris Bryant: I will in a moment. I am still dealing with this question. I know that the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) is going to make a silly point, and I will let him make it in a couple of moments.

It is suggested that we are advancing a system that guarantees that the vast majority of MPs will have 50% of the vote—some of us already achieve that—but then it is said that that provision should be delivered on perhaps a 30% or 35% vote.

Sir Alan Beith *rose—*

Dan Rogerson (North Cornwall) (LD): Will the hon. Gentleman give way?

Chris Bryant: I will give way to the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) first, because he asked first.

Sir Alan Beith: I am grateful. If the hon. Gentleman loses the vote in the Commons tonight, does he think the unelected House is then morally entitled to defy the expressed will of this House?

Chris Bryant: As the right hon. Gentleman knows, I have advocated an elected House of Lords for a very long time, and that is still my position. However, many people, including himself when he was on the Opposition Benches, have argued that the sagacity and wisdom of people down the other end of the building should sometimes be listened to. Whatever system we end up with for the two Chambers, I would simply say that as in most other countries in Europe that have a parliamentary system, there will be a second Chamber with a particular concern for constitutional matters.

If the Bill had made progress as the result of pre-legislative scrutiny, with a Joint Committee considering all of its proposals, or for that matter if there had been two separate Bills, one on the AV referendum and another on parliamentary constituencies, I would agree wholeheartedly with the right hon. Gentleman. However, I believe that the Government have abused every single constitutional convention in driving the Bill forward, so I am afraid I am not with him on this occasion.

Mr MacNeil *rose—*

Chris Bryant: And now for the hon. Gentleman.

Mr MacNeil: Surely if a threshold is in place, it is an incentive not to participate. I hope that the Labour Front Benchers do not want to create such an incentive. Surely it is those who care who will vote. Those who are happy either way will probably not vote and will accept whatever those who care deliver. If the threshold that the hon. Gentleman wants were not reached, would that not invalidate both first past the post and AV, not just one of them?

Chris Bryant: I knew the hon. Gentleman was going to make a silly point, because he made the same silly point earlier. We have to have elections to this House, and they will either be under the first-past-the-post system or, if the referendum question is carried, under AV. I therefore do not accept his argument. I also point out to him that I believe there will be very different turnouts in Scotland, Wales and Northern Ireland from that in England. That is why I have never supported holding the referendum on the same day as other elections there.

Kevin Brennan: To return to the amendment in lieu that the Minister has proposed, does my hon. Friend agree that it effectively constitutes a direct insult to the other House, first because of its puerile nature and the fact that it is totally unrelated to the amendments from the other place, and secondly because of the Minister's cursory explanation of it, which gave the game away?

Chris Bryant: My hon. Friend is, as always, spot on, and I will come to the Government amendment in lieu after I have made one significant point. Implementing referendums is fundamentally dangerous. All too often in other democracies, such referendums have been a way of circumventing the process of parliamentary democracy. That is a particularly dangerous way of doing business under coalition Governments. I do not believe that implementing referendums is a good idea, except for when there is a settled constitutional view that has been established on the basis of consensus, which is certainly not the situation with the AV referendum.

Everybody has a threshold in their own mind, but the truth is that the Government are proceeding as they are because they know perfectly well that if they were to introduce a stand-alone Bill to introduce the alternative vote, it would not be carried in the House or in the House of Lords. That is the profound danger with the way in which the Government are trying to proceed.

Mr Jack Straw (Blackburn) (Lab): I apologise that I was not here at the commencement of these proceedings—I got caught short in the gymnasium.

I put it to my hon. Friend that it scarcely lies in the mouths of the Conservatives to challenge the authority of the other place when they were happy to see that authority used to the greatest extent on these provisions just before the election when they vetoed their inclusion from the Constitutional Reform and Governance Act 2010.

Chris Bryant: My right hon. Friend is absolutely right. In addition, the Liberal Democrats and the Conservatives so respect the House of Lords that they have decided to pack it with pliant Members so that they can start getting better results in votes. I praise those Members of the House of Lords, including Baroness Trumpington, who has never voted against the Conservative Whip, and who is notwithstanding a very splendid woman, who today decided to vote for the amendment in the name of Lord Rooker.

I support the alternative vote, but to me it is an even more important principle that the views of the British people, completely and definitively established, are enacted. That is why Lord Rooker's threshold is appropriate.

Finally, the Minister's amendment in lieu has absolutely no value. It would mean merely that the process that is already adopted by the Electoral Commission would be implemented. He knows that it is a chimera—the smile without the Cheshire cat.

Mr Cash: I entirely endorse the final remarks of the hon. Member for Rhondda (Chris Bryant)—the Government amendment in lieu is a load of rubbish.

It is important to get across what is really going on here. In the context of the referendum, the Conservative party is being led like a lamb to the slaughter. The reality is that the referendum is entirely to do with Liberal party aspirations as expressed in the coalition agreement. I have here an extract from the right hon. Member for Deauville—*[Laughter.]* I meant the right hon. Member for Yeovil (Mr Laws), who might as well have come from Deauville. He quotes the Secretary of State for Energy and Climate Change, the right hon. Member for Eastleigh (Chris Huhne), as saying:

"Our historic mission is to create a British Liberal party whose influence will be embedded in our politics through a reformed voting system – a Liberal party capable of dealing with both other parties."

The reality, therefore, is that what lies at the heart of this debate is not the rubbish that we have heard from the Minister on the Electoral Commission, but the glue that holds the coalition together.

I pay tribute to the noble Lord Rooker and the other Lords and Ladies who made such magnificent speeches this morning, which I had the privilege to witness. They are right that the Bill provides for a binding referendum, and that the essence of the argument is that the Bill is a constitutional issue, because it proposes to change our constitution in a fundamental way for the first time.

I believe that 40% is a reasonable test. It is accepted by all the constitutional authorities—including, ironically, Vernon Bogdanor, who was the Prime Minister's own tutor. This threshold of 40%, which has come down to us in an amendment from the House of Lords, is reasonable and fair with respect to the electorate as a whole. We are being asked to reject that provision. I am no longer going down the route of my original proposal, which one of their Lordships referred to as "the fatal amendment". I propose, for all the reasons that have been so ably put forward this evening, to follow what the House of Lords said.

There is no reference to thresholds in this coalition agreement—none whatever. None of the political parties expressed any genuine manifesto commitment to the alternative vote and no commitment whatever to the threshold. Given that the Bill purports to provide for a fair electoral system with preference votes, one would have thought that its proponents would at least have the decency and common sense to give the electorate a fair deal—*[Interruption.]* Yes, and the courage, as one of my hon. Friends says. I thought that the Liberal Democrats believed in fairness and constitutional propriety, but I was mightily mistaken.

Mr Jenkin: Can we dispense with this argument that any kind of threshold somehow provides an incentive for the no campaign to campaign for people to stay at home? The truth is that this is simply a test of whether there are enough people motivated in favour of change to justify it. If enough people are not prepared to vote for change, why should it take place? That seems to me to provide the reason why a threshold should exist for every referendum. Incidentally, when the Conservatives were in opposition, we voted for a threshold in every referendum.

Mr Cash: I agree with my hon. Friend and point out that no European country other than France does not have a threshold. Over the generations, we in this House have always regarded constitutional matters as of such fundamental importance as to require a free vote and to rule out the sort of programming and guillotining that we are seeing here. Yesterday, I had a mere two minutes in which to express the arguments on my amendment.

I heartily dislike this Bill and I believe that its effect will be exceedingly damaging to the Conservative party and exceedingly damaging to our national interest. I strongly urge my hon. Friends to vote for the threshold arrangements proposed by the noble Lords. I believe that doing so would be in the interests of the Conservative party, its individual members and its councillors who are soon coming up for local elections, as well as in the national interest of the electorate as a whole.

Other Members wish to speak, so I shall bring my remarks immediately to an end. The Government should be careful about what they wish for because it might come true.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): The hon. Member for Harwich and North Essex (Mr Jenkin), who intervened a few moments ago, is of course absolutely right. The Conservatives have voted for thresholds in referendums whenever they felt it suited them and whenever they thought it would be to the disadvantage of a Labour Government. Indeed, Scottish devolution was delayed by 20 years because the Conservative party voted for a threshold on the referendum on Scottish devolution in 1979.

It is appropriate that this motion should stand in the name of the leader of the Liberal Democrats because this entire Bill is about the Liberal Democrats. Anybody

who has the opportunity should read the Nuffield study, "The British General Election of 2010", which makes it absolutely clear in a masterly piece of research that the sticking-point on whether the Liberal Democrats would go into a coalition with the Conservatives was whether the referendum that we are debating this evening would be introduced by a coalition Government. What the Government are doing—I rarely agree with the hon. Member for Stone (Mr Cash), but he is absolutely right this evening—is rigging the British political system with this Bill. The Bill was introduced, and is being railroaded through, to placate 8% of the House of Commons; 92% of the House of Commons do not want it.

7.45 pm

Mr MacNeil: *rose—*

Paul Farrelly *rose—*

Sir Gerald Kaufman: I will give way in a moment, but I want to proceed on this point.

When I was shadow Home Secretary, I negotiated with the then Conservative Home Secretary, Leon Brittan, about a Representation of the People Bill—that is what Bills dealing with the political system and elections in this country used to be called—which he was introducing. The dog's breakfast that is before us this evening is a misrepresentation of the people Bill, based on an obligation to placate the self-interest of the third party in the House. There is no doubt whatever about that.

Mr MacNeil *rose—*

Sir Gerald Kaufman: I will give way in a moment, but I want to complete this segment of my argument, taking into account the limited time.

This is a partisan Bill. All the Representation of the People Bills that went through the House of Commons, from when I first entered the House, were agreed between the Government and the Opposition—I negotiated with Leon Brittan even down to the threshold for retaining a deposit—but not now. The Conservatives do not want the Bill. We are dealing not with the question of whether we are for or against the alternative vote; we are dealing with the question of whether a fundamental aspect of our British political system should be decided not on its principles, or on whether it is appropriate and admirable for the country, but on whether it suits the interests of a minority party, which wants to go on having coalitions, as that is the only way in which its useless Members would be able to sit on the Government Front Bench.

Mr MacNeil: The right hon. Gentleman referred to rigged referendums, but would a threshold not rig a referendum by blocking a change that the majority of those taking part wanted?

Sir Gerald Kaufman: I understand the hon. Gentleman's point, but I do not necessarily agree with him.

Paul Farrelly: The hon. Member for Stone (Mr Cash) quoted not the Member for Deauville, or even Trouville, but the right hon. Member for Yeovil (Mr Laws). Does my right hon. Friend recognise that those of us who are more sympathetic to AV have legitimate concerns about its operation in practice because of the behaviour of the Liberal Democrats since the general election. They talk of five more years of the coalition, but we cannot be sure that they will not direct their supporters to use their second preference against the Labour party, for instance. In those circumstances, is it not reasonable to have a threshold, so that we can be certain that the British people have expressed a clear opinion?

Sir Gerald Kaufman: We do not know what the turnout will be on 5 May. What we do know, in my constituency, is that we will murder the Liberal Democrats in the local elections, whatever the threshold. My hon. Friend's point is relevant, because the issue is not whether one is for or against AV. The debate is not about that; it is about whether we seek to appease a small minority of the House of Commons by rigging our precious electoral system, which has served us well.

Stephen Williams (Bristol West) (LD): This is an extraordinary occasion in that the unelected House of Parliament is, with absolutely no sense of irony, telling the elected half of Parliament how to conduct a ballot. The simple principle is that in elections and referendums it is the people who turn up who decide the result, not the people who do not turn up.

In my brief remarks last night I recalled many election results in Bristol—I am sure you would have found this very interesting, Madam Deputy Speaker, had you been in the Chair—when the turnout had fallen below 40%. I have since looked up a few more statistics. For the European Parliament elections in 2009, only 34% of the British public turned out to vote. I say in all candour to Conservative coalition colleagues that I do not recall any of them saying at the time that that was not a valid election result. In fact, I recall them saying that the Conservative party had won that election.

Mr Christopher Chope (Christchurch) (Con): Is the hon. Gentleman not at all concerned that, having listened to the arguments he deployed last night, the Lords majority was 62 rather one?

Stephen Williams: I thank the hon. Gentleman, who is my Political and Constitutional Reform Committee colleague, for that intervention, but I think he can predict my answer. What disturbs me about the response from their Lordships last night is that it ignores the will of the elected House. Our fellow Select Committee colleague, the hon. Member for Epping Forest (Mrs Laing), got that balance exactly right.

The Welsh Assembly election in 2003 had a turnout of only 38%. I ask my Labour friend, the hon. Member for Rhondda (Chris Bryant), who is an ally in arguing for a yes vote should we have the referendum in Wales, does he really think the Government of Rhodri Morgan who were elected in 2003 had no validity because only 38% of his constituents turned out? Does the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) think the Labour administration of Manchester city council, elected on a 27% turnout in 2008, has no legitimacy whatever? That same question could be asked of Sheffield with 36%, or Leeds—a Liberal Democrat-Conservative coalition—with 35.7%.

Jacob Rees-Mogg (North East Somerset) (Con): In general elections the turnout is normally 70% or more. Is it right that that 70% of people should have their voting system changed by fewer than 40%?

Stephen Williams: If we were at a different point in the electoral cycle, we could be having this referendum on the day of a general election. We may well have a referendum on future changes on the date of the next general election in May 2015. However, that is four and a half years away, so we are having the referendum rather sooner, and everyone who is conducting the arguments about this threshold knows that, other than in a general election, the turnout is likely to be lower than 40%. That is why I have quoted the statistics I have.

Mr MacNeil: Will the hon. Gentleman give way?

Stephen Williams: The hon. Gentleman has made a lot of interventions, and other Members wish to get in.

When an election is over—you will recall the first general election I fought was against you, Madam Deputy Speaker—and the result is in, the people have spoken. As democrats, none of us says the people have spoken but with a caveat; we sit down and accept the result. On this occasion, I say that the voters should have the final word in a referendum—the voters who turn up to vote—and on this matter their elected representatives should have the final word.

Mr Winnick: I am not going to beat about the bush. I am not in favour of the change. I am not going to pretend I am and put forward various reasons why the Lords amendment should be accepted. If I had any doubts at the beginning—I must confess that at times I did consider the possibility of a change in the electoral system—the way this Government have gone about their business has certainly persuaded me to support the no campaign.

An article in today's *Evening Standard* by a former editor of *The Spectator* makes a valid point about how little interest there is in changing the electoral system; there is very little enthusiasm for that. As I asked yesterday, where is the pressure? Where are the letters and e-mails? Where are the people coming to our surgeries and saying, "This is the most crucial issue of all"? It is important to bear in mind the fact that there would have been no possibility of such a referendum if the Conservatives had a working majority; indeed, they would be arguing the opposite of what the Minister was saying.

I do not want to eat my words. On many occasions, when I was sitting on the Government Benches, I said that the view of the elected Chamber should prevail. I do not deny that I said it, and I cannot say that I have drastically changed my mind. Indeed, my hon. Friend the Member for Rhondda (Chris Bryant) has made the point that the Conservatives were only too willing to allow the unelected Chamber to overturn the decision of the Commons when there was a Labour Government.

I have no desire to eat my words, but on a major constitutional issue the Government should be willing to listen, even more so when we are talking about a voting system that has been in operation for a long time and there is so little evidence of a desire for change. As my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) said, the only reason why the measure is being introduced is the coalition. There is no other reason whatever. There is certainly no enthusiasm for it in the Conservative party, either on the Back or Front Benches.

When the Lords last voted on the proposal the majority was only one, but today it was 62—including 27 Conservative Back Benchers and, in many respects more important, Cross Benchers. They do not have a particular party view, but it is understandable that they should be concerned that if there is to be a vote on a change to the electoral system there should be credibility in the turnout. The provision is not binding. The point has been made on a number of occasions: if turnout is less than 40%, it does not mean that there will not be another referendum. The Government and Parliament can reconsider the position. What if turnout is less than 30%? Will we really work on the assumption that that gives sufficient credibility and is sufficient justification for changing the electoral system?

The Minister said that if there was a threshold, it would be an incentive for the no campaign. Surely it would be an incentive for the yes campaign. If the yes people are so keen on change, it is up to them to campaign as hard as possible to persuade the electorate of their case. The Government have put through most of the measures in the Bill. They should show some generosity and consideration for the strength of feeling. They should not be so obstinate. [Hon. Members: "Be nice."] There would be no harm at all in the Government showing a less obstinate spirit and recognising the strength of feeling both in this place and next door.

If there was a free vote in the House of Commons, this measure would be overwhelmingly rejected.

Mr Richard Shepherd (Aldridge-Brownhills) (Con): The Government give as their reason for disagreeing:

"Because the outcome of the referendum should be determined by those who vote in it and should not depend on how many do not vote."

I challenge that. I do not accept it. One of the reasons why I challenge the process is that we are under a guillotine. During the whole passage of the Bill we have been guillotined. Their lordships are part of Parliament and therefore used to be considered custodians of the constitution, so that we in our party passion might not force through something that altered the balance of the constitution. I oppose the motion for that reason.

The Bill is a major constitutional change. No one has argued otherwise. It will change the voting system. We have almost universal suffrage. Everyone is entitled to vote. If they choose not to exercise—

Stephen Williams: Will the hon. Gentleman give way?

Mr Shepherd: I shall not, if the hon. Gentleman will forgive me. We have so little time and others want to speak.

We have universal suffrage so if a proposition is put to us, I shall take the older course of action, which the hon. Member for Walsall North (Mr Winnick) hinted at. Those who seek change from a settled position have the right to advocate it in a referendum, but those who are not convinced about change are not negligible. They are part of the equation and their very reluctance to vote was normally taken, in an older tradition, as acquiescence in the existing arrangements—that is, they did not step forward and seek change by the exercise of their vote. That was a profound and reasonable position to adopt.

Those who want change have the opportunity in a referendum to vote for it. Those who do not vote have not indicated consent, so the level of consent can be very low indeed in the context of the universal suffrage of our country. Dismissively, the Government say that the outcome is not to be determined by those who do not vote.

8 pm

The question that I originally asked those on the Labour Front Bench was about the no figure at which they thought there was legitimacy in the number of those who had voted. I am glad that the Labour Front-Bench team changed its view on that. I am grateful to the noble Lord Rooker for his amendment. I am grateful to those Conservatives, many of whom I have served with and disagreed with over the past 30 years, who stood up and were prepared to be counted. It is appalling that the constitution of Britain is held in the hands of so few people, determined by a golden image, the Liberal-Conservative coalition agreement. The measure does not even reflect what was contained in that agreement, yet we are meddling with our constitution. I urge the House to accept what the Lords have said in their reasoned thoughts.

Kevin Brennan: Like my hon. Friend the Member for Rhondda (Chris Bryant), I support AV and will vote yes in the referendum.

Hon. Members might wonder about the Minister's desperate desire to sit down without explaining the amendment that he is asking us to send back to the House of Lords. He knows that in the other place Members rightly think that this House has not properly considered the matter, not least because he hogged all the time yesterday when he gave us an hour for debate. Now we have a mere hour to do the same, and many hon. Members want the opportunity to speak. We still have not considered the matter fully and had a full and proper debate in the House.

Mr Straw: Picking up the point made by the hon. Member for Stone (Mr Cash), does my hon. Friend accept that the coalition agreement, or the needs of the Liberal Democrats, has undermined the traditional relationship between this place and the other place? In every previous example that I can think of when we were in government, there would have been a compromise in such a situation. That was the case scores of times, but Ministers lack any authority to grant a compromise.

Kevin Brennan: My right hon. Friend is right. I shall come to that point.

The Minister is still trying to obfuscate over the threshold and suggest that in some way it would negate the proposals in the Bill. What is unusual about the proposed referendum is that the Government are making it binding. Normally under our constitution, referendums have been advisory to Parliament, not binding in their outcome, and that includes the devolution referendums that were mentioned. The difference in threshold in the Scotland and Wales Bill back in 1979 was that it required 40% of those voting to vote in a certain way.

All the amendment does is say that if 40% of people fail to vote in total in the referendum, Parliament should reconsider the matter. That is an entirely different and reasonable position and in keeping with the traditions of our constitution that referendums are advisory and not binding, particularly when turnout is so low.

The amendment that we are sending down to the House of Lords is an insult to the other place. The Minister's puerile explanation of it and the cursory way he dealt with the amendment that he is now asking us to vote for was a complete insult to our intelligence and that of the public.

I am afraid that when one lifts a stone in this place, procedurally what one sees underneath is sometimes quite unpleasant. Constitutionally, the Minister had to table an amendment, but instead of putting down a serious amendment that attempted to meet the House of Lords somewhere along the line of compromise, he tabled the parliamentary equivalent of a colouring-in book; he had to fill it in with something and so produced this puerile and meaningless amendment. It is an insult to the other place and to our intelligence. They sit there on the Front Bench, hairy man and smooth man, abusing our constitution. The Government should try to meet the other place somewhere on the spectrum of compromise. That would have been the reasonable thing to do and in line with our constitution.

As someone who will vote yes to AV in the forthcoming referendum and encourage as many people as possible to vote, I think that the idea that this House should not even have the constitutional right to look at the outcome of the referendum if only a very small number of people vote is an insult to democracy.

Mrs Laing: The arguments of Lord Lamont and his colleagues in the other place are absolutely right, as was everything the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) said this evening; I would repeat them in my remarks, but time will not permit me to do so. Sadly, those two rights are incompatible, because the choice before this House this evening is no longer about AV referendums and thresholds. I hate AV and do not want this £100 million referendum. I have always been in favour of a threshold and have said so many times in this House, but that is not the choice before us.

Sadly, the choice before us is between a Labour Government who ruined this country's economy over 13 years and a coalition Government between the Conservatives and the Liberals that will give the country the stability it needs to recover from the dire economic situation. This referendum on a simple majority, which is stated in the coalition agreement, is a high price to pay for that stability. I, for one, agree to pay it with a very heavy heart.

Jacob Rees-Mogg: I am slightly troubled by my hon. Friend's remarks, because I was unaware that this had been put down as a confidence motion.

Mrs Laing: I appreciate my hon. Friend's intervention. It is not a confidence motion, but sadly it is for some of us who have loyalty to the Prime Minister, because we are Conservatives first and foremost and want to see the stable government that is now being provided in every area other than constitutional development. We want to see that stable government and so must support our Prime Minister and his coalition. For some of us, it is done with a heavy heart, but that is the price that the Liberals have sought in order to improve their party

[Mrs Laing]

political advantage. The right hon. Member for Manchester, Gorton is absolutely right that we ought to have a threshold, but it is too late. The Bill is at its end. Let us just get on with the process of having a referendum and ensure that the British people see it for what it is and do not vote to change our constitution.

Dr William McCrea (South Antrim) (DUP): With the greatest respect to the hon. Lady, for whom I have great respect, I think that that is one of the saddest contributions that she has ever made in this House.

Earlier today, the Home Secretary came to the House and said that, in the making of laws in this country, Parliament is superior to the courts, but here we are, going for the lowest common denominator—the survival of a coalition Government. In reality, however, that cannot be so. Is the hon. Lady suggesting that, over this issue, for which there is no appetite in the country, the Liberal Democrats would actually pull down the Government? Is she suggesting that, in actual fact, the Deputy Prime Minister would leave his gilded office over such an issue? I suggest that he most certainly would not.

Mrs Laing: The hon. Gentleman is right; I do not disagree. He is right also about it being my saddest speech. I hated making it, and this is a dreadful situation to be in, but my suggestion was not about the Deputy Prime Minister, but about the Prime Minister, who gave his word that there would be a referendum. I wish that he had not, but he did.

Dr McCrea: The Prime Minister giving his word to the Deputy Prime Minister is one thing; what counts is the Prime Minister's word to the people of this United Kingdom. Our Prime Minister has no appetite or conviction for this legislation at all. This is a grubby deal simply to keep a party happy, and to keep its Back Benchers happy at this time, but on a major constitutional issue such as this, is that the way in which we run our country? Is that the way in which we are supposed to make our decisions? On a previous occasion, the question was asked, "Would the coalition collapse if this issue were defeated?" The answer, if I can remember, from the Deputy Prime Minister was no, so to try to suggest that it would collapse is not factual at all. If it were, I suggest that it would be blackmail, and we cannot blackmail hon. Members of this House.

What we are here to ensure is what we, by conviction, believe is best for the country, not the lowest common denominator. So, I ask this question: where is the pressure coming from for this legislation or for AV? It is certainly not coming from the Conservative party, or from the Prime Minister, because he takes the very opposite view. It is simply coming from a few members of the Lib Dems, who believe that, from now on in, they can hold the country to ransom. They hope that, as far as governing is concerned, they will hold the balance of power in any election that follows.

The hon. Lady had better remember, and let us make no mistake, that if the Lib Dems thought that, in order to keep their ministerial cars after the next election, a coalition would be better with Labour, they would join a coalition with Labour. They are not doing this out of conviction; they are doing it for personal, petty position, and I suggest that that is a ridiculous way of dealing with such a constitutional issue.

Mr Cox: We have but, I think, two minutes—*[Interruption.]* One minute.

During the time in which this subject has been before the House, I have voted consistently but regretfully against the Government's position. I cannot understand why we voted for thresholds in opposition and are voting against thresholds in government. I cannot understand why a party—the Liberal Democrats—that preaches constitutionalism does not appreciate that constitutional protections and constitutional safeguards, such as minimum thresholds on fundamental—

8.14 pm

One hour having elapsed since the commencement of proceedings on the Lords message, the debate was interrupted (Programme Order, 15 February).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83G).

That this that this House insists on its disagreement with the Lords in their amendments 1 and 8, but proposes amendment (a) in lieu.

The House divided: Ayes 310, Noes 231.

Division No. 211] **[8.14 pm**

AYES

Adams, Nigel
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Edwards, Jonathan
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael

Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Hosie, Stewart
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Llwyd, rh Mr Elfyn
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lucas, Caroline
Luff, Peter
Lumley, Karen
Macleod, Mary
MacNeil, Mr Angus Brendan
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Reckless, Mark
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Wharton, James
Wheeler, Heather
White, Chris
Whiteford, Dr Eilidh
Wiggin, Bill
Willetts, rh Mr David
Williams, Hywel
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wishart, Pete
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mr Shailesh Vara and Jeremy Wright

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Binley, Mr Brian
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Brady, Mr Graham
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Cash, Mr William
Caton, Martin
Chapman, Mrs Jenny
Chope, Mr Christopher
Clappison, Mr James
Clark, Katy
Clarke, rh Mr Tom
Coaker, Vernon
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy

Cox, Mr Geoffrey
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
David, Mr Wayne
Davies, Philip
Davis, rh Mr David
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Drax, Richard
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gardiner, Barry
Gilmore, Sheila
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hoey, Kate
Hollobone, Mr Philip
Hopkins, Kelvin
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jenkin, Mr Bernard
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lewis, Dr Julian
Lloyd, Tony
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Main, Mrs Anne
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nash, Pamela
Nuttall, Mr David
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Percy, Andrew
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Shepherd, Mr Richard
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Tapsell, Sir Peter
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Wollaston, Dr Sarah
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, Mr Iain

Tellers for the Noes:
Phil Wilson and Jonathan Reynolds

Question accordingly agreed to.

Business without Debate

ADJOURNMENT OF THE HOUSE (TODAY)

Ordered,

That, at this day's sitting, the Speaker shall not adjourn the House until any Message from the Lords has been received, any Committee to draw up Reasons which has been appointed at that sitting has reported, and he has notified the Royal Assent to Acts agreed upon by both Houses.—*(Sir George Young.)*

BUSINESS OF THE HOUSE (THURSDAY)

Ordered,

That, at the sitting on Thursday 17 February, notwithstanding the provisions of Standing Order No. 16 (Proceedings under an Act or on European Union documents), the Speaker shall put the Questions necessary to dispose of proceedings on the Motions in the name of Secretary Iain Duncan Smith relating to Pensions and Social Security no later than three hours after their commencement or at 6.00 pm, whichever is the earlier; proceedings may continue, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—*(Sir George Young.)*

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)).

Interinstitutional Agreement

That this House takes note of European Union Documents No. 9193/10, relating to the functioning of the Interinstitutional Agreement on budgetary discipline and sound financial management, No. 10346/10 and Addenda 1 and 2, relating to a Commission Communication on striking the right balance between the administrative costs of control and the risk of error, and Nos. 5129/11 and 15759/10, relating to a proposal for a Regulation on the financial rules applicable to the annual budget of the Union and corresponding Opinion of the European Court of Auditors; and supports the Government's approach to ensure that, especially at a time when households and governments across the EU are taking difficult decisions to balance their budgets, EU expenditure must be subject to strict budgetary discipline and appropriate principles of sound financial management.—*(Mr Dunne.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 119(11)).

EU Budget Review

That this House takes note of European Union Document No. 15285/10 and Addendum, relating to the EU Budget Review; supports the Government's efforts to reduce the size of the EU budget and deliver savings and value for money for taxpayers, including a substantial reduction in spending on the Common Agricultural Policy; and further supports its efforts to reprioritise expenditure to support growth and competitiveness and tackle climate change and global poverty and to protect the UK's abatement, which remains fully justified due to distortions in EU spending.—*(Mr Dunne.)*

Question agreed to.

Madam Deputy Speaker (Dawn Primarolo): Under the Order of the House of earlier today, the House is not to be adjourned until any message from the Lords has been received and Royal Assent has been notified to any Acts agreed upon by both Houses. I therefore suspend the sitting to await a message from the Lords. When the House is ready to resume, the bells will be sounded. A warning notice will be put on the Annunciator in the usual way.

8.31 pm

Sitting suspended (Order, 15 February).

11.50 pm

On resuming—

ROYAL ASSENT

Mr Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that Her Majesty has signified her Royal Assent to the following Act:

Parliamentary Voting System and Constituencies Act 2011.

PETITIONS

Proposed Sale of Zurbaran Paintings

11.50 pm

Helen Goodman (Bishop Auckland) (Lab): I wish to present a petition from residents of Bishop Auckland, County Durham and the north-east, who believe that the Church Commissioners should not sell Auckland castle or the Zurbaran paintings. Bishops of Durham have lived in Bishop Auckland for 900 years. You cannot take the bishop out of Bishop Auckland.

I believe that the Church Commissioners have seen the light in regard to the castle, but have yet to see the light in regard to the Zurbaran paintings. Because the matter is so important, there are more than 3,000 signatures to the petition.

The petition states:

The Petition of residents of Bishop Auckland, County Durham and the North East,

Declares that the Petitioners believe that the Church Commissioners should not sell Auckland Castle or the Zurbaran Paintings.

The Petitioners therefore request that the House of Commons urges the Church Commissioners not to proceed with the sale.

And the Petitioners remain, etc.

[P000888]

Mobility Component of Disability Living Allowance

11.51 pm

Fiona Mactaggart (Slough) (Lab): I rise to present a petition on behalf of care home residents, children at special boarding schools, and others who are concerned for their welfare. I welcome the presence of my hon. Friends the Members for Aberdeen South (Dame Anne Begg) and for Glasgow East (Margaret Curran), who have also supported the petition.

The petition declares

that the mobility component of Disability Living Allowance (DLA) helps meet some of the extra costs disabled people can face getting around; further declares that the Government plans to stop paying DLA to people living in residential care, which will mean that many people no longer have the money to meet these extra costs and face being trapped at home.

People will lose £49.85 a week or £18.95 a week, and it will simply mean that they cannot get out.

The Petitioners therefore request that the House of Commons calls on the Government to keep the mobility component of Disability Living Allowance for people living in residential care.

I have more than 6,900 signatures on a petition in similar terms. I think that that shows how strongly people feel about the important issue of not being trapped in residential care.

Following is the full text of the petition:

[The Petition of care home residents and others concerned for their welfare,

Declares that the mobility component of Disability Living Allowance (DLA) helps meet some of the extra costs disabled people can face getting around; further declares that the Government plans to stop paying DLA to people living in residential care, which will mean that many people no longer have the money to meet these extra costs and face being trapped at home.

The Petitioners therefore request that the House of Commons calls on the Government to keep the mobility component of Disability Living Allowance for people living in residential care.

And the Petitioners remain, etc.]

[P000887]

Bob Russell (Colchester) (LD): On a point of order, Mr Speaker. I know how keen you are that Ministers should make announcements to the House first. This evening, BBC television news reported that the Government were planning to abandon their consultation on the Forestry Commission land disposals. Sir, I wonder whether you have received any indication that a Minister will come to the House to make a statement, even at this late hour, or if not tonight, tomorrow.

Mr Speaker: The short answer is no. Many matters are subject to speculation and conjecture, even in our media—a fact of which the hon. Gentleman, on the strength of nearly 14 years' experience in the House, is well aware.

Incinerators (Hertfordshire)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Goodwill.)*

11.54 pm

Mr James Clappison (Hertsmere) (Con): We come to a subject in which the media do have an interest, particularly in the county of Hertfordshire, because it is a subject of wide concern to the residents of Hertfordshire and, in particular, to my constituents. I am talking about the possible location of an incinerator on a site in Harper lane. That is actually within the constituency of my hon. Friend the Member for St Albans (Mrs Main), who is in her place and is planning to intervene in this debate, but the plan considerably affects my constituents, particularly those in the community of Radlett.

Waste management is a matter for Hertfordshire county council, as it is for other county councils, and it has decisions to take on the issue. But how those decisions are taken, the process that is followed and the timing of decisions raise wider concerns, and these concerns have been reflected in cases involving other local authorities up and down the country. For that reason alone, Ministers need to examine the way in which local authorities take decisions on waste management. To a layman, the process being followed in Hertfordshire, which has led to the selection of Harper lane as a possible site, seems somewhat odd, if not bizarre.

Last July, Hertfordshire county council announced that Harper lane was under consideration as one of two possible locations in Hertfordshire for a major waste incinerator to be operated by E.ON. Notwithstanding that, the council launched a consultation last November on a new waste plan. Thus, the consultation began some three or four months after the announcement of this possible location. The following was said on behalf of the county council at the time:

"We already have a Waste Plan for the county, but this is now out of date and needs to be reviewed. The new plan, which will cover the period 2011-2026, will set out the county council's policies and proposals for the future annual treatment of three million tonnes of waste. This includes identifying areas that may have the potential to accommodate waste facilities as well as safeguarding existing facilities."

That raises the question: what was the point of the consultation undertaken by the council, given that it had already announced that the Harper lane site was one of two possible locations for the incinerator? The council had already narrowed its choice of site down to just two in Hertfordshire.

The question of where this all fits into the Government's strategy also arises, because last June my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs announced a major waste policy review, which was to examine

"what policies are needed to reduce the amount of waste generated and to maximise reuse and recycling, while also considering how waste policies affect local communities, individual households and businesses."

The review is considering the role of energy from waste, and I understand that its preliminary results will be published by the Department in 2011. Yet by that time, Hertfordshire county council will be a very long way down the road on implementing its plans and may even have appointed a preferred bidder to deal with its waste incineration.

So my question to the Minister is: should a county council undertake such a course when a Government consultation is under way and may produce results that are at odds with the course taken by the county council? In respect of both the council's own consultation, which was announced hard on the heels of a decision on possible locations for the site, and the Government's consultation, which was still taking place when that announcement was made, there would seem to me, as a layman, to be obvious prematurity in the council's decision to narrow the choice of sites down to two, including the Harper lane site.

That is not the only strange aspect of the process being followed by the county council, because in October 2008 the council submitted an outline business case to the Department for Environment, Food and Rural Affairs that enabled it to obtain £115 million of private finance initiative credits. The Harper lane site was not the reference site for that bid, nor, as I understand it, was it in the plans of the four shortlisted bidders with an energy-from-waste proposal. Notwithstanding that, Harper lane emerged, out of the blue, as one of two shortlisted sites last July. In June of this year, if not before, the county council is set to announce its preferred bidder and site.

Up to that point, there will have been no opportunity for public consultation about the emergence of Harper lane as a site. Indeed, in the process that has been followed, the public could be said to have been kept in the dark because there is essentially no public information on why Harper lane was chosen as a second potential incinerator site. It does not fit with the stated criteria of Hertfordshire county council for a number of reasons, including the fact that the site is in the green belt and has poor main road access, being located close to a notorious traffic congestion blackspot.

There are also very serious environmental issues relating to the Harper lane site, which will become apparent in due course. Local people have had no opportunity to have their say on any of this. As a strong supporter of the Localism Bill and the localism principle, I am tempted to ask the Minister how this all fits in with the concept of localism. Of course, before a final decision on the location of the incinerator site can be taken, a separate planning process will have to be conducted by Hertfordshire county council and presumably local people will then have a say. That will come only after the county council has appointed a preferred bidder for the preferred site and presumably entered into some sort of legal relationship with the preferred bidder.

Doubtless, Hertfordshire county council will be scrupulous in observing the requirements of the planning process, but, to say the least, how can this appear fair to the lay observer and to interested local residents? Would not they be entitled to conclude that the process is flawed? Many residents all over Hertfordshire might want to ask whether there should be an incinerator at all and whether incineration is the most environmentally friendly process in all the circumstances. Certainly, the assumptions being made about incineration in this case seem to be unambitious when it comes to recycling and waste minimisation in both of which Hertfordshire has a good record. Let it be said that Hertfordshire is a green council with a very good record on recycling and is very good at stimulating environmental awareness. The recycling and composting rate for Hertfordshire is

in excess of the national rate and it is on course to achieve the recycling of 50% of all household waste by 2013 if not before.

Jim Shannon (Strangford) (DUP): Is it possible that if a number of people were unhappy with the application and objected to it through the planning application process, the planning authority could say no to it and that concerns could be addressed at that stage?

Mr Clappison: That is possible, but by that time Hertfordshire county council would already have a preferred bidder and might have entered into a legal relationship with it, so it would, in a way, be judging its own cause in the eyes of local people. There would then be a question of whether it could take that decision and be seen to be a disinterested party, which is very important to the planning process. That is a very strange process to follow.

Up to this point, even before we reach any of those considerations, there has been no opportunity for local people to have their say, no opportunity for full ventilation of the environmental issues at stake and no opportunity for the case against incineration to be put—the case in favour of more recycling and other environmentally friendly ways of dealing with waste. Neither, it seems, has there been any opportunity thus far for a consultation on a full environmental impact assessment. Local people are aware of a number of serious environmental concerns about the Harper lane site, including the fact that it will be on an inner groundwater source protection zone and the fact that it is a close neighbour of the Wildlife Trust's nature reserve of Broad Colney lakes and of Hounds Wood. In the eyes of many local people, the development would be highly damaging to the local environment and could hardly be more unsuitable on environmental traffic and local infrastructure grounds.

Local people have come together under the auspices of the Watling incinerator group, known as WING, to put the very compelling case against such a development, but should they not have already had the opportunity to put their case formally at an earlier stage to help shape decisions and to participate in genuine consultation, so that the process appears to be one in which people have had a chance to have their say? The process appears to be open to the many questions being asked about it.

12.4 am

Mrs Anne Main (St Albans) (Con):I congratulate my hon. Friend the Member for Hertsmere (Mr Clappison) on introducing this important debate at this late hour. As he observed, the site in question is in my constituency, but it is on the edge and much of the traffic and other impacts will affect his constituency.

My poor old constituency is in the same corner of the county that only recently was under threat from a rail freight interchange. One of the arguments against that was the fact that lorries access the Harper lane site, the very part of the county that the county council said at the time was particularly heavily congested and unsuitable for having more traffic. That was a really strong argument. The half a lane of road available in the area is now one of the main rat runs to escape problems on the M25 and M1.

I visited the site in question about 18 months ago, or it might have been two years now—time is flying. I was aware then of an aspiration to have an incinerator on the site. It is already a gravel working site and there is recycling there. It is heavily utilised, and access for lorries is compromised. At that time, we were aware that there was concern, particularly because of the previous Government's landfill directives, about the great pressure on Hertfordshire to deal with its waste through a new incinerator.

What concerns me, like my hon. Friend, is the lack of transparency in the process. Whispers and rumours abound that we must not upset a Minister in another corner of Hertfordshire, or that some deal has been stitched up. If we are to give the lie to local people's worries, we need a transparent process that they can buy into and have a degree of faith in.

My hon. Friend mentioned a particularly important aquifer. The whole of Hertfordshire is characterised by chalk streams, aquifers with a potentially very big drain on them because of the sheer number of people living near them, and low rainfall. On top of that, not so long ago there was a big disaster at Buncefield, which has severely compromised another of our aquifers. That watercourse is still undergoing monitoring for the long-term impacts of PFOS—perfluorooctane sulfonate—as a result of the Buncefield disaster. We in Hertfordshire are extremely concerned that the environmental impact of anything else that goes on in our environmentally sensitive area must be taken into account.

Plenty of people in St Albans, and I know in my hon. Friend's constituency as well, say that the particulates coming from lorries travelling in and out of the Harper lane site, the potential compromising of an aquifer and the concern about pollution from lorries queuing through Park Street village and into Radlett will compromise an already congested area and add to the health concerns that residents already have. Those concerns were profoundly expressed when both of us were fighting the rail freight interchange.

We should ensure that the public do not have any hint that there is a stitched-up deal done behind closed doors. They should not have to have any worries about whether a different site has greater potential value to a council as housing development land, and whether the council will therefore sacrifice what it sees as a scrubby bit of green belt somewhere else.

The Harper lane site is important, and it already delivers a lot to Hertfordshire through recycling and gravel extraction. It gives a lot, and it does not need to give any more. It is grossly unfair to expect one corner of the county, on the edge of my hon. Friend's constituency and mine, to deliver so much more than others, without people having had any say about whether it is the best place to put an incinerator, if we are to have one at all.

I do not have a particular concern about incinerators per se. I used to have the waste portfolio when I was a district councillor, and I visited incinerator sites. They are very well run if they are well sited, but I do not believe that Harper lane is the site on which to put an incinerator. It is already a compromised site and a rat run, and it is heavily utilised by lorries. To have waste going into the area to be incinerated as well would be a blow too far and cause further concerns about aquifers.

[Mrs Anne Main]

I should like the Minister to address in his comments the potential for a delay in the scheme, should it come through, in the interests of localism and because of concerns about the environmental impact. Local people should not have to feel that it is another scheme being railroaded past them. They cheered when we had a change of Government, because they felt that it was the end of railroaded schemes. Now there is potential for a scheme that is seen to be a done deal.

Let us have transparency, localism and a fair say for the local community. Let us say that this is not the right site for a number of environmental reasons. We need to explore those reasons, not pay lip service to them in a dashed-through consultation, all in a bid to find a waste site to consume what will probably be waste from other areas, not just Hertfordshire. As my hon. Friend the Member for Hertsmere said, we do a pretty good job of recycling our waste in Hertfordshire. We do not need to import other people's rubbish.

12.10 am

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I congratulate my hon. Friend the Member for Hertsmere (Mr Clappison) on securing a debate of such importance to his constituents. I also congratulate him and my hon. Friend the Member for St Albans (Mrs Main) on the passion with which they spoke. As I am sure they are aware, this subject would normally come under the remit of my noble Friend Lord Henley, but I have none the less been very interested in the issues raised in this evening's debate. This Government have pledged to be the greenest ever. That is not an aspiration; it is an imperative. We have also pledged to devolve decision making as much as possible from the central to the local level. It is in the context of those two pledges that I welcome the chance to respond to this debate and the concerns that have been raised.

We need to rebuild our economy, and we need the new economy to be sustainable. It can be sustainable only if it is green, and a green economy is a zero-waste economy. That does not mean that there will be absolutely no waste—we are realistic—but it does mean that resources are fully valued, economically and environmentally. It also means that one person's waste is another person's resource. As my hon. Friend the Member for Hertsmere said, the Government are currently conducting a thorough review of our waste policy. We are due to report in the spring, so I shall not seek to pre-empt our findings today. Nevertheless, the recovery of energy from certain wastes has a role to play in moving us towards a zero-waste economy.

A green economy means generating renewable energy. We have tough targets for that, with 15% of energy required to be from renewable sources by 2020. We need an energy mix to meet our energy needs and the need to reduce greenhouse gas emissions. Recovering energy from waste is part of that. Waste can be a renewable source of energy, offsetting the fossil fuels that would otherwise have been burned and reducing methane emissions from landfills. That offers a net climate change benefit. I have not forgotten that this debate is about incinerators, but it is important to emphasise that recovering energy from waste can be achieved by using many different technologies, of which incineration is only one. There is no silver bullet, but incineration is one of the many means available for meeting our renewable energy needs.

My hon. Friend has used this debate to raise his constituents' concerns, just as my hon. Friend the Member for St Albans raised her constituents' concerns so ably. The Watling incinerator group—a group of committed local people—is understandably worried about how incinerators might affect local air quality and the natural environment, and about the health of communities in the vicinity of the proposed incinerator. I must emphasise that all modern waste incinerators are subject to stringent pollution controls. Modern incinerators must comply with the waste incineration directive, which sets strict emission limits for pollutants. The Environment Agency will not grant the permits required for an incinerator to operate if a facility is not compliant with the directive.

Mrs Main: That is why I said I had not set my face against incinerators. I have visited some incinerator sites and I am aware of exactly what the Minister says. However, it is the location of the sites and the access to them, along with the lorries and the pollution that they generate, that also need to be taken into consideration.

Richard Benyon: I entirely accept the points that my hon. Friend raises, and I am of a similar mind.

Studies have failed to establish any convincing link between emissions from incinerators and adverse effects on public health. In 2009, the Health Protection Agency reviewed the existing evidence on public health and incinerators. It concluded, on reviewing the existing evidence, that any effect on people's health from incinerator emissions was likely to be so small as to be undetectable. It affirmed that adverse health effects from modern, well-regulated waste incinerators did not pose a significant threat to public health.

This debate is also about communities, and we need to meet the challenges at local level. My hon. Friends will be aware that I am unable to comment on the specifics of this particular application, as it is currently subject to a competitive tender process, and it would therefore be inappropriate for me to comment. What I can say is that vigorous debate within a community is healthy, and necessary in order to ensure that the right choices are made in each community.

In these debates, we need to be alive to the facts that all communities produce waste and that responsibility must be taken for dealing with it in a way that best balances the needs of the community and the environment. Our aim is to allow those who are best placed to make decisions to take them in a balanced and informed way, with as little red tape as possible. A reformed planning system will be underpinned by the Localism Bill. This will create a less bureaucratic, more decentralised and more collaborative process and will help to build the big society by radically transforming the relationships between central Government, local government, communities and individuals.

As my hon. Friend the Member for Hertsmere said, the Government are also undertaking a review of waste policy, which is looking at all aspects of policy development and delivery in England, including the possible role of energy from waste and related infrastructure needs. However, it has never been the intention that the review

should prohibit any particular type of technology or take any decisions that would have a direct impact on individual projects. The waste review will report in May this year. Hertfordshire county council will have to decide how this timetable impacts on the progress of its own plans, but I do not believe that its actions in any way undermine the waste review.

To put us on the road to a zero-waste economy, we need to manage all our waste according to the waste hierarchy. The hierarchy involves an environmental order of preference for the outcomes of waste. After the preferable options of preventing, reusing and recycling waste, there is recovery and, finally, landfill—the least desirable environmental outcome. The order of the hierarchy can be changed for individual waste types, if it can be proved that that makes environmental sense over the life-cycle of a product. Generally, however, the hierarchy works, and that means keeping waste out of landfill whenever possible. Gone are the days when we do not worry about putting waste in holes in the ground. We know that biodegradable waste rots in landfill, giving off methane, which is a greenhouse gas more potent than carbon dioxide. My hon. Friend the Member for St Albans made some very good points about the impact on water in aquifers. That is fundamental to our concerns about landfill.

Following the logic of the waste hierarchy, it is reasonable to ask whether, if we are burning waste, we need not recycle it. Worse, might we be providing incentives specifically not to reduce, reuse or recycle before recovering energy from waste? Those are valid concerns that the Government's waste review is setting out to address. But we know from other countries that recycling and energy from waste can co-exist. In the Netherlands, for example, recycling rates are around 65%, alongside 33% energy from waste. The picture is similar in Denmark and Sweden.

We are doing this not only because it makes sense but because it is the law. The waste hierarchy will shortly become UK law through the revised waste framework directive. We have legal targets to keep waste out of landfill, and the Climate Change Act 2008 rightly sets tough targets for every sector of the economy to contribute to the UK-wide carbon budgets. The waste sector is no exception. All those obligations will help our drive towards growing a zero-waste, green economy.

I hope that my hon. Friends the Members for Hertsmere and for St Albans will continue to make their case passionately on behalf of their constituents. They will find that they are able to engage in a process in which they will be listened to, and in which they will be part of the decision-making process. That is what this Government are about. We want them to be part of the process, rather than feeling that they are having these developments inflicted on them with no ability to say anything.

I congratulate my hon. Friends on the high quality of the debate and on the passion with which they have raised this issue. I hope that I have gone some way towards explaining why we are confident that incinerators do not pose a threat to public health, and why our policy on incinerators is part of, rather than in opposition to, our being the greenest Government ever. I hope I have been able to assure them that, as a Government, we are committed to giving power to communities such as those in their part of Hertfordshire.

Question put and agreed to.

12.20 am

House adjourned.

Deferred Divisions

IMMIGRATION

That the draft Immigration and Nationality (Fees) Order 2011, which was laid before this House on 24 January, be approved.

The House divided: Ayes 474, Noes 23.

Division No. 207]

AYES

Abbott, Ms Diane
Afriyie, Adam
Aldous, Peter
Alexander, Heidi
Ali, Rushanara
Amess, Mr David
Anderson, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Balls, rh Ed
Banks, Gordon
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Bayley, Hugh
Beckett, rh Margaret
Beith, rh Sir Alan
Benn, rh Hilary
Benton, Mr Joe
Benyon, Richard
Beresford, Sir Paul
Berger, Luciana
Berry, Jake
Betts, Mr Clive
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Bradshaw, rh Mr Ben
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brennan, Kevin
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Brown, Mr Russell
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Bryant, Chris
Buckland, Mr Robert
Burden, Richard
Burley, Mr Aidan
Burnham, rh Andy
Burns, Conor
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cairns, David
Cameron, rh Mr David
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Campbell, Mr Ronnie
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Cash, Mr William
Caton, Martin
Chapman, Mrs Jenny
Clark, rh Greg
Clarke, rh Mr Tom
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coaker, Vernon
Coffey, Ann
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cox, Mr Geoffrey
Crabb, Stephen
Crausby, Mr David
Creagh, Mary
Crockart, Mike
Crouch, Tracey
Cruddas, Jon
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
Davey, Mr Edward
David, Mr Wayne
Davidson, Mr Ian
Davies, Glyn
Davies, Philip
de Bois, Nick
De Piero, Gloria
Dinenage, Caroline
Djanogly, Mr Jonathan
Dobbin, Jim
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dorries, Nadine
Doyle, Gemma
Doyle-Price, Jackie
Dromey, Jack
Duddridge, James
Dugher, Michael
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellis, Michael
Ellison, Jane
Ellman, Mrs Louise
Ellwood, Mr Tobias
Elphicke, Charlie
Engel, Natascha
Eustice, George
Evans, Chris
Evans, Graham
Evans, Jonathan
Fabricant, Michael
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr Frank
Field, Mr Mark
Fitzpatrick, Jim
Flello, Robert
Flynn, Paul
Foster, rh Mr Don
Fovargue, Yvonne
Fox, rh Dr Liam
Francis, Dr Hywel
Francois, rh Mr Mark
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gilmore, Sheila
Glen, John
Goggins, rh Paul
Goldsmith, Zac
Goodman, Helen
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Greatrex, Tom
Green, Damian
Green, Kate
Greening, Justine
Greenwood, Lilian
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gwynne, Andrew
Gyimah, Mr Sam
Hague, rh Mr William
Hain, rh Mr Peter
Halfon, Robert
Hames, Duncan
Hamilton, Mr David
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Hanson, rh Mr David
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Harris, Mr Tom
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Healey, rh John
Heath, Mr David
Hendry, Charles
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hinds, Damian
Hoban, Mr Mark
Hodgson, Mrs Sharon
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, rh Mr George
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunt, Tristram
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Irranca-Davies, Huw
Jackson, Mr Stewart
Jamieson, Cathy
Javid, Sajid
Jenkin, Mr Bernard
Johnson, rh Alan
Johnson, Diana
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Mr Marcus
Jones, Susan Elan
Kawczynski, Daniel
Kelly, Chris
Kendall, Liz
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lammy, rh Mr David
Lancaster, Mark
Latham, Pauline
Lavery, Ian
Laws, rh Mr David
Lazarowicz, Mark
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Leslie, Chris
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian

Lloyd, Stephen
Lloyd, Tony
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lucas, Ian
Luff, Peter
Lumley, Karen
Mahmood, Mr Khalid
Mahmood, Shabana
Main, Mrs Anne
Mann, John
Marsden, Mr Gordon
Maude, rh Mr Francis
May, rh Mrs Theresa
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McCartney, Jason
McCartney, Karl
McClymont, Gregg
McCrea, Dr William
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McIntosh, Miss Anne
McKechin, Ann
McKinnell, Catherine
McLoughlin, rh Mr Patrick
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moon, Mrs Madeleine
Moore, rh Michael
Mordaunt, Penny
Morden, Jessica
Morgan, Nicky
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, Grahame M. *(Easington)*
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munn, Meg
Munt, Tessa
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Murray, Sheryll
Murrison, Dr Andrew
Nash, Pamela
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
O'Donnell, Fiona
Offord, Mr Matthew
Ollerenshaw, Eric
Onwurah, Chi
Opperman, Guy
Osborne, rh Mr George
Osborne, Sandra
Owen, Albert
Paisley, Ian
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Pearce, Teresa
Penning, Mike
Percy, Andrew
Perkins, Toby
Perry, Claire
Phillips, Stephen
Phillipson, Bridget
Pincher, Christopher
Poulter, Dr Daniel
Pound, Stephen
Pritchard, Mark
Pugh, John
Qureshi, Yasmin
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reeves, Rachel
Reid, Mr Alan
Reynolds, Emma
Reynolds, Jonathan
Rifkind, rh Sir Malcolm
Riordan, Mrs Linda
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Robinson, Mr Geoffrey
Rogerson, Dan
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Sarwar, Anas
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Sharma, Alok
Sharma, Mr Virendra
Sheerman, Mr Barry
Shelbrooke, Alec
Sheridan, Jim
Shuker, Gavin
Simmonds, Mark
Simpson, David
Simpson, Mr Keith
Singh, Mr Marsha
Skidmore, Chris
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Nick
Smith, Owen
Soames, Nicholas
Soubry, Anna
Soulsby, Sir Peter
Spellar, rh Mr John
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Straw, rh Mr Jack
Streeter, Mr Gary
Stride, Mel
Stringer, Graham
Stuart, Ms Gisela
Sturdy, Julian
Sutcliffe, Mr Gerry
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tami, Mark
Tapsell, Sir Peter
Teather, Sarah
Thomas, Mr Gareth
Timms, rh Stephen
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Trickett, Jon
Truss, Elizabeth
Turner, Mr Andrew
Turner, Karl
Twigg, Stephen
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vaz, rh Keith
Vaz, Valerie
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walley, Joan
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whitehead, Dr Alan
Wicks, rh Malcolm
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Chris
Williamson, Gavin
Willott, Jenny
Wilson, Phil
Wilson, Mr Rob
Winnick, Mr David
Wollaston, Dr Sarah
Woodcock, John
Wright, David
Wright, Mr Iain
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

NOES

Abrahams, Debbie
Begg, Dame Anne
Bottomley, Sir Peter
Corbyn, Jeremy
Havard, Mr Dai
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Kaufman, rh Sir Gerald
Llwyd, rh Mr Elfyn
Long, Naomi
Lucas, Caroline
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
McDonnell, Dr Alasdair
McDonnell, John
Reevell, Simon
Ritchie, Ms Margaret
Robertson, Angus
Weir, Mr Mike
Whiteford, Dr Eilidh
Williams, Hywel
Wishart, Pete

Question accordingly agreed to.

TERRORIST FINANCE TRACKING PROGRAM

That this House takes note of European Union Documents No. 11048/10 relating to a draft agreement, No. 11173/10, relating to a draft Council Decision on the signature of the agreement, and No. 11172/10, relating to a draft Council Decision on the conclusion of the agreement between the European Union and the United States of America on the processing and transfer of financial messaging data from the European Union to the United States for the purposes of the Terrorist Finance Tracking Program; agrees that the programme is an extremely important tool in the global counter-terrorism effort, providing valuable contributions to numerous high profile cases; and notes that the programme has achieved an appropriate balance between counter-terrorism and data protection.

The House divided: Ayes 484, Noes 5.

Division No. 208]

AYES

Abbott, Ms Diane
Abrahams, Debbie
Afriyie, Adam
Aldous, Peter

Alexander, Heidi
Ali, Rushanara
Amess, Mr David
Anderson, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Baldry, Tony
Baldwin, Harriett
Balls, rh Ed
Banks, Gordon
Barclay, Stephen
Barwell, Gavin
Bayley, Hugh
Beckett, rh Margaret
Beith, rh Sir Alan
Benn, rh Hilary
Benton, Mr Joe
Benyon, Richard
Beresford, Sir Paul
Berger, Luciana
Berry, Jake
Betts, Mr Clive
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Bradshaw, rh Mr Ben
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brennan, Kevin
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Brown, Mr Russell
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Bryant, Chris
Buckland, Mr Robert
Burden, Richard
Burley, Mr Aidan
Burnham, rh Andy
Burns, Conor
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cairns, David
Cameron, rh Mr David
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Campbell, Mr Ronnie
Carmichael, rh Mr Alistair
Cash, Mr William
Caton, Martin
Chapman, Mrs Jenny
Clark, rh Greg
Clarke, rh Mr Tom
Clegg, rh Mr Nick
Coaker, Vernon
Coffey, Ann
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cox, Mr Geoffrey
Crabb, Stephen
Crausby, Mr David
Creagh, Mary
Crockart, Mike
Crouch, Tracey
Cruddas, Jon
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
Davey, Mr Edward
David, Mr Wayne
Davidson, Mr Ian
Davies, Glyn
Davies, Philip
de Bois, Nick
De Piero, Gloria
Dinenage, Caroline
Djanogly, Mr Jonathan
Dobbin, Jim
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dorries, Nadine
Doyle, Gemma
Doyle-Price, Jackie
Dromey, Jack
Duddridge, James
Dugher, Michael
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellis, Michael
Ellison, Jane
Ellman, Mrs Louise
Ellwood, Mr Tobias
Elphicke, Charlie
Engel, Natascha
Eustice, George
Evans, Chris
Evans, Graham
Evans, Jonathan
Fabricant, Michael
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr Frank
Field, Mr Mark
Fitzpatrick, Jim
Flello, Robert
Flynn, Paul
Foster, rh Mr Don
Fovargue, Yvonne
Fox, rh Dr Liam
Francis, Dr Hywel
Francois, rh Mr Mark
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gilmore, Sheila
Glen, John
Goggins, rh Paul
Goldsmith, Zac
Goodman, Helen
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Greatrex, Tom
Green, Damian
Green, Kate
Greening, Justine
Greenwood, Lilian
Grieve, rh Mr Dominic
Griffith, Nia
Griffiths, Andrew
Gummer, Ben
Gwynne, Andrew
Gyimah, Mr Sam
Hague, rh Mr William
Hain, rh Mr Peter
Halfon, Robert
Hames, Duncan
Hamilton, Mr David
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Hanson, rh Mr David
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Harris, Mr Tom
Hart, Simon
Haselhurst, rh Sir Alan
Havard, Mr Dai
Hayes, Mr John
Heald, Mr Oliver
Healey, rh John
Heath, Mr David
Hendry, Charles
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hinds, Damian
Hoban, Mr Mark
Hodgson, Mrs Sharon
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kelvin
Hopkins, Kris
Horwood, Martin
Hosie, Stewart
Howarth, rh Mr George
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunt, Tristram
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Irranca-Davies, Huw
Jackson, Mr Stewart
Jamieson, Cathy
Javid, Sajid
Jenkin, Mr Bernard
Johnson, rh Alan
Johnson, Diana
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Mr Marcus
Jones, Susan Elan
Kawczynski, Daniel
Kelly, Chris
Kendall, Liz
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lammy, rh Mr David
Lancaster, Mark
Latham, Pauline
Lavery, Ian
Laws, rh Mr David
Lazarowicz, Mark
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Leslie, Chris
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lloyd, Stephen
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lucas, Ian
Luff, Peter
Lumley, Karen
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mahmood, Mr Khalid
Mahmood, Shabana
Main, Mrs Anne
Mann, John
Marsden, Mr Gordon
Maude, rh Mr Francis
May, rh Mrs Theresa
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McCartney, Jason
McCartney, Karl

McClymont, Gregg
McCrea, Dr William
McDonnell, Dr Alasdair
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McIntosh, Miss Anne
McKechin, Ann
McKinnell, Catherine
McLoughlin, rh Mr Patrick
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moon, Mrs Madeleine
Moore, rh Michael
Mordaunt, Penny
Morden, Jessica
Morgan, Nicky
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, Grahame M. *(Easington)*
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munn, Meg
Munt, Tessa
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Murray, Sheryll
Murrison, Dr Andrew
Nash, Pamela
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
O'Donnell, Fiona
Offord, Mr Matthew
Ollerenshaw, Eric
Onwurah, Chi
Opperman, Guy
Osborne, rh Mr George
Osborne, Sandra
Owen, Albert
Paisley, Ian
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Pearce, Teresa
Penning, Mike
Percy, Andrew
Perkins, Toby
Perry, Claire
Phillips, Stephen
Phillipson, Bridget
Pincher, Christopher
Poulter, Dr Daniel
Pound, Stephen
Pritchard, Mark
Pugh, John
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reeves, Rachel
Reid, Mr Alan
Reynolds, Emma
Reynolds, Jonathan
Rifkind, rh Sir Malcolm
Ritchie, Ms Margaret
Robathan, rh Mr Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr Laurence
Robinson, Mr Geoffrey
Rogerson, Dan
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Sarwar, Anas
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Sharma, Alok
Sharma, Mr Virendra
Sheerman, Mr Barry
Shelbrooke, Alec
Sheridan, Jim
Shuker, Gavin
Simmonds, Mark
Simpson, David
Simpson, Mr Keith
Singh, Mr Marsha
Skidmore, Chris
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Nick
Smith, Owen
Soames, Nicholas
Soubry, Anna
Soulsby, Sir Peter
Spellar, rh Mr John
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Straw, rh Mr Jack
Streeter, Mr Gary
Stride, Mel
Stringer, Graham
Sturdy, Julian
Sutcliffe, Mr Gerry
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tami, Mark
Tapsell, Sir Peter
Teather, Sarah
Thomas, Mr Gareth
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Trickett, Jon
Truss, Elizabeth
Turner, Mr Andrew
Turner, Karl
Twigg, Stephen
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vaz, rh Keith
Vaz, Valerie
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walley, Joan
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Wharton, James
Wheeler, Heather
White, Chris
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Wiggin, Bill
Willetts, rh Mr David
Williams, Hywel
Williams, Roger
Williams, Stephen
Williamson, Chris
Williamson, Gavin
Wilfott, Jenny
Wilson, Phil
Wilson, Mr Rob
Winnick, Mr David
Wishart, Pete
Wollaston, Dr Sarah
Woodcock, John
Wright, David
Wright, Mr Iain
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

NOES

Begg, Dame Anne
Corbyn, Jeremy
Hood, Mr Jim
Lucas, Caroline
McDonnell, John

Question accordingly agreed to.

House of Commons

Thursday 17 February 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

BUSINESS, INNOVATION AND SKILLS

The Secretary of State was asked—

Apprenticeships

1. **Alok Sharma** (Reading West) (Con): How many apprenticeship starts there have been in the academic year 2010-11 to date. [41342]

6. **Mary Macleod** (Brentford and Isleworth) (Con): How many apprenticeship starts there have been in the academic year 2010-11 to date. [41347]

8. **Stephen Mosley** (City of Chester) (Con): How many apprenticeship starts there have been in the academic year 2010-11 to date. [41349]

11. **Mr David Evennett** (Bexleyheath and Crayford) (Con): How many apprenticeship starts there have been in the academic year 2010-11 to date. [41352]

12. **Rehman Chishti** (Gillingham and Rainham) (Con): How many apprenticeship starts there have been in the academic year 2010-11 to date. [41353]

17. **Stephen Lloyd** (Eastbourne) (LD): How many apprenticeship starts there have been in the academic year 2010-11 to date. [41358]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): All our Christmases have come together.

Provisional data show that there were 119,800 apprenticeship starts in the first quarter of the 2010-11 academic year. That good news confirms that employers are recognising the value of apprenticeships to building growth and competitiveness. The Government are committed to increasing the budget for apprenticeships to over £1.4 billion in the 2011-12 financial year.

Alok Sharma: As part of the recent apprenticeships week, the National Apprenticeship Service launched a 100-day campaign in Reading. By the end of the first day alone, 28 pledges of places and a further 19 expressions of interest had been received from local employers. Will the Minister join me in congratulating Reading's employers, Reading borough council, the *Reading Post* and other local organisations on supporting that excellent initiative and demonstrating what can be achieved when business and Government work together?

Mr Hayes: I do indeed congratulate them, and I congratulate my hon. Friend on drawing the matter to the House's attention. I did a little research: the event was attended by 51 employers and resulted in 29 apprenticeship pledges just on the day. My goodness, we are reminded of Virgil: "They can because they think they can."

Mary Macleod: I recently visited Brentford football club community sports trust as part of apprenticeship week and have also written to more than 600 businesses to encourage them to take up apprenticeship places and take on more apprentices. What other advice would my hon. Friend give businesses to encourage them to provide more apprenticeships?

Mr Hayes: Businesses need to know that they will recoup their investment rapidly, with even the most expensive apprenticeships paying back in less than three years. Apprenticeships have a real link to productivity and to competitiveness. May I just say that Brentford football club had a very good result on Saturday, when they drew with Milton Keynes Dons?

Stephen Mosley: Chester FC was also successful last Saturday, winning 5-0; I was fortunate enough to be there. It is a community-run and owned football club, which recently launched an apprenticeship scheme employing 21 16-year-olds on sports management courses. What is the Minister doing to encourage other big society organisations to get involved with apprenticeships?

Mr Hayes: We are involved in an unprecedented campaign to promote the value of apprenticeships. Last week—apprenticeship week—450 events were held throughout the country. I met learners, employers and providers. Apprenticeships are top of the agenda for all those groups.

Mr Evennett: Last Friday, I visited the Just Learning day nursery in my constituency to see at first hand the benefits of apprenticeships for young people and employers. I was pleased to meet apprentice Jade Vale and manager Tracey Tomlinson, who were very positive about the apprenticeship scheme. What steps are the Government taking to ensure that people can progress to the higher level of apprenticeships to meet the needs of employers?

Mr Hayes: My hon. Friend is right. The previous Government's Leitch report made it absolutely clear that we need to boost intermediate and higher level skills as our economy becomes more advanced. I am working with the sector skills councils and the UK Commission for Employment and Skills to develop more high-level frameworks. The numbers doubled in the past year, but we must do more. Apprenticeships are critical to the nation's growth and prosperity.

Rehman Chishti: I recently visited Medway youth club, a local charity in my constituency that helps young people get into work and into apprenticeships, and it very much welcomes the Government's apprenticeship scheme. However, it would like to see more assistance being given to small businesses, and guidance for setting up apprenticeships.

Mr Hayes: It is a little known fact, but none the less one that I want to draw to the House's attention, that 78% of apprentices are employed in small businesses, which are the backbone of our economy. I started in a small business, which got bigger as a result, and small businesses are essential if we are to make apprenticeships sing.

Stephen Lloyd: Last Friday, I spoke to several employers in Eastbourne, and their view was that a grant to the providers of apprenticeships would act as a huge incentive and make a huge difference to take-up and completion. Although I appreciate that tough current fiscal conditions mean that any money has be found elsewhere, does the Minister agree that, for small employers in my constituency and throughout the country, a small cash incentive for small and medium-sized enterprises will lead to a dramatic rise in the take-up of apprenticeships?

Mr Hayes: We are committing substantial funds to apprenticeships and, indeed, those funds will be targeted at the firms that most need support to take on apprentices and build their skills. My hon. Friend is right to say that these are tough times, but we are always open to proposals made by this House and representative bodies of the kind that he describes.

Mr Pat McFadden (Wolverhampton South East) (Lab): I am sure that the House will welcome the emphasis on apprenticeships, which shows the Government carrying on the work that we did. However, does the Minister not think it is shocking that, in figures given to me this morning by his colleague the Secretary of State, the Government have confirmed the true picture that there will be 529,000 fewer adult learners being funded by the Government in two years' time? Does not that show that the emphasis on apprenticeships is being paid for by cutting opportunity elsewhere? How does that prepare people for today's labour market?

Mr Hayes: The right hon. Gentleman speaks of opportunity, but it was Baroness Thatcher who said that if your only opportunity is to be equal, you have no opportunity. What he and his colleagues left us with was a dull, egalitarian mediocrity. We are going to drive up standards and skills, and drive growth and prosperity.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): We just heard from the Minister that more needs to be done about apprenticeships. Indeed, he wrote to all hon. Members encouraging us to take on an apprentice in our offices. Why then are the Government removing the requirement for apprenticeship places on Government public investment programmes?

Mr Hayes: The work that we are doing on public sector apprenticeships, in this place and elsewhere, continues. Indeed, I met a shadow Minister—one of her parliamentary colleagues—to talk about apprenticeships and public procurement. The hon. Lady is right—we do need to drive public sector apprenticeships and we do need to lead by example.

Fiona Mactaggart (Slough) (Lab): Last Friday, I saw a group of young people who were learning on the job in the cultural quarter programme, which is led by the Royal Opera House and participated in by the Victoria and Albert museum and other cultural organisations in London. Thirty-four young people are on that programme, but it is funded by the future jobs fund, so it is about to run out. I invited those young people to come to the House to tell Members of Parliament what they have learned from this programme and how they have encouraged other young people to start careers in the cultural industries. Will the Minister come and listen to what they have to say about the difference that the future jobs fund has made to them?

Mr Hayes: As you know, Mr Speaker, the future jobs fund is not within my ministerial purview—[Hon. Members: "Ah!"] Well, never pitch above your pay grade or outside your purview. I will of course meet the young people and the hon. Lady and listen to what they have to say.

Geraint Davies (Swansea West) (Lab/Co-op): I have just returned from a fact-finding mission to Dusseldorf and Berlin with the Welsh Affairs Committee. Is the Minister aware that all German businesses are required to join a local chamber of commerce and the regional chamber of commerce, and that those organisations are required to provide comprehensive apprenticeships, tailored to the industrial needs of that region? Will he consider that approach so that we have apprenticeships that are comprehensive and grounded in the real business earth of this country?

Mr Hayes: We can learn a lot from the example of other countries. Germany is often held up as a shining example of apprenticeships, and France has also made immense progress with apprenticeships over the last quarter of a century. I hear what the hon. Gentleman says about the link to local businesses and chambers of commerce and, as ever, he makes a thoughtful contribution to our affairs. I will certainly take another look at the issue to see what can be done to borrow that kind of good practice.

Mr John Denham (Southampton, Itchen) (Lab): Yesterday, I met a number of apprentices at the excellent Fosters bakery in Barnsley, and we welcome any moves to build on Labour's record, which rescued apprenticeships from 65,000 starts in 1997 to 279,000 last year. Will the Minister confirm four simple facts? Will he confirm that, at a time of rising youth unemployment, this Government have dropped Labour's guarantee of an apprenticeship for every young person who wants one? Will he confirm that, at a time of rising adult unemployment, this Government plan to cut the total number of adults who get publicly funded training by 500,000 a year? Will he confirm that his Government have dropped Labour's policy of saying that those who get public money for social housing must provide construction apprenticeships? And will he confirm that he now plans to make adult apprentices pay between £5,000 and £9,000 for the right to do an apprenticeship?

Mr Hayes: Trying to deal with four questions is a bit like being at the Woolworth's pick 'n mix. I will deal with the first one only. The apprenticeship offer that we are enshrining in law means very plainly that everyone who secures an apprenticeship place will be funded—not the permissive, meaningless offer that prevailed under the last Government. The right hon. Gentleman should know better.

Mr Denham: I am very sorry, but what the Minister has said is not true. If he says that every apprenticeship place will be funded, will he confirm that for adult apprenticeships—those aged over 24—they, not the Government, will have to pay the cost of their training? Is that not the truth about this world? On the one hand, those who have little money are asked to pay for the cost of their own training, while, as the *Daily Mail* put it, at the "black and white" party the Tory party—fundraisers, millionaire Tory supporters—paid £3,000 to buy internships at top finance companies. The Minister has one world for himself and his friends and for those families who can pay, and a completely different world for others.

Mr Hayes: On the night of the "black and white" party, I was at my desk working, actually, and then I had a half of mild at a working men's club.

The truth is that, in a very tough spending round, we guaranteed funding for young people, boosted funding for 16 to 18-year-olds and boosted funding for adult apprenticeships, and we are seeing real growth. The right hon. Gentleman is right: people over 24 will borrow to invest in their future, but my goodness, the repayments are income-contingent, there are no up-front payments and, as he knows, it is real value for money.

Local Enterprise Partnerships

2. **Annette Brooke** (Mid Dorset and North Poole) (LD): What recent progress he has made in establishing local enterprise partnerships. [41343]

7. **Fiona Bruce** (Congleton) (Con): What recent progress he has made in establishing local enterprise partnerships. [41348]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): I am pleased to say that we are making good progress with regard to local enterprise partnerships. Indeed, I can announce today that we have cleared the London enterprise partnership. That brings us to a total of 31, covering 87% of England's population.

Annette Brooke: I thank the Minister for his answer. Naturally, I am rather disappointed that Dorset has not yet found a solution. May I have an update on progress towards the inclusion of Dorset within a local enterprise partnership? What timelines are the Government working to? If it is necessary for support to be given, will that be given?

Mr Prisk: As the hon. Lady knows and we have discussed, Dorset has the challenge that Poole and Bournemouth face eastwards economically but the rest of the county does not. So we have worked with local partners, and offered them an opportunity: once they have decided, they will come back to us and we will help to ensure that they progress with their enterprise partnership as quickly as possible.

Fiona Bruce: Can the Minister advise on the timings of the announcements of the agreement of new LEPs? How is he guaranteeing private sector leadership for LEPs?

Mr Prisk: My hon. Friend is absolutely right. With 87% covered in less than 22 weeks—unlike the progress that we often saw from Labour—there has been positive progress. On the private sector issue, LEPs are specifically business-led, and most encouragingly, in her local LEP, eight of the 14 participants—over 60%—are from the private sector. That is a very good example, which I know other enterprise partnerships intend to follow.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): In their response to the Select Committee report on LEPs, the Government have said that they will not impose performance management criteria on them. Will the Minister explain just how the performance of LEPs will be monitored and assessed?

Mr Prisk: The whole point about partnerships is that local priorities will lead, not central diktat. That is why we believe in ensuring that we enable partnerships to come forward and that they judge the issue on how they break down the local barriers to growth. We are committed to ensuring that the economy grows; these will be excellent vehicles to achieve that locally.

Mr Gordon Marsden (Blackpool South) (Lab): Well, we are clear what LEPs and businesses are asking for, even if Ministers are not. We believe that assets and funding intended for local growth in our regions should stay there. We have put forward a detailed strategy on skills and access to European and regional development agency money—the tools that LEPs need to do their job. But the Secretary of State is not passing any assets on, and is twisting the arms of RDAs over it. Today's *Local Government Chronicle* reveals the west midlands RDA disposal plan—more than half its assets up for sale. The north-east regional development plan that I have seen says the RDA has been told that it must help address the fiscal deficit. How can the Secretary of State now deny that he is flogging off our local family silver to keep the Treasury happy? Has he not left LEPs in the lurch?

Mr Prisk: We got there eventually, Mr Speaker.

The RDAs have brought forward assets plans, which the Government are looking at. In the growth plan, we set out clearly how we will deal with them. The idea that we will be selling off the silver is a nonsense. I am sorry that Labour Members have nothing positive or intelligent to say about the matter.

Entrepreneurship

3. **Jason McCartney** (Colne Valley) (Con): What steps he is taking to encourage entrepreneurship. [41344]

The Secretary of State for Business, Innovation and Skills (Vince Cable): The Government have actively encouraged enterprise, including doubling the amount of small business rate relief for one year, launching the new enterprise allowance, and initiating a new programme in universities, Enterprising Academics. With support and practical input from my entrepreneurs group, I am developing further measures to support entrepreneurship around employment regulation and start-ups.

Jason McCartney: I thank the Secretary of State for that answer. I welcome, as do my constituents, the new enterprise allowance—in fact, my constituents have been asking me about that for the long-term unemployed. A recent graduate from Slaithwaite also asked me whether we might extend the scheme to recent graduates, to take advantage of their skills, especially if they have studied business or engineering.

Vince Cable: That is an excellent suggestion, which we will pursue. As the hon. Gentleman knows, the new enterprise allowance is being trialled in Liverpool, and will give people who would otherwise face long periods of unemployment the opportunity to start their own businesses with financial support, mentoring and access to loans. It is a very good scheme, which I want to encourage and expand.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): How will the Secretary of State respond to the wonderful report on creative clusters in our country launched yesterday by the National Endowment for Science, Technology and the Arts? The report shows again that 6% of new businesses create 50% of new jobs, but that most of the clusters are in London and the south-east. As he is stripping the capacity to do anything about that in Yorkshire, which is performing at a low level, what will he do about it?

Vince Cable: As it happens, under the growth review that Ministers are conducting, yesterday we reviewed the creative industry sector to which the hon. Gentleman refers. The sector has serious problems of access to finance, because of a lack of tangible security, and issues around copyright protection. We are pursuing both those issues, and if we can crack them it will help creative industries across the country.

Bank Lending

4. **Simon Hughes** (Bermondsey and Old Southwark) (LD): What recent progress he has made in his discussions with representatives of the banking industry on increasing levels of lending to small and medium-sized enterprises. [41345]

16. **Mr Mark Spencer** (Sherwood) (Con): What recent progress he has made in his discussions with representatives of the banking industry on increasing levels of lending to small and medium-sized enterprises. [41357]

The Secretary of State for Business, Innovation and Skills (Vince Cable): As announced last week in the House by the Chancellor, the UK's five major banks have stated a capacity and willingness to lend £190 billion of new credit to business in 2011. That includes £76 billion of new lending to SMEs, which is a 15% increase on the amount lent in 2010. If demand exceeds that, the banks will lend more.

Simon Hughes: I warmly welcome my right hon. Friend's work and the Government's announcement. To have maximum transparency, will Ministers negotiate with the banks for the figures on lending to small and medium-sized businesses to be published by principal local authority area on a regular basis, so that we can see exactly what is happening throughout the country?

Vince Cable: The figures will be independently monitored by the Bank of England and published quarterly. My right hon. Friend makes a helpful suggestion, and I will examine whether the figures can be disaggregated in that way.

Mr Mark Spencer (Sherwood) (Con): Will the Secretary of State assure me that he will take no lessons on the banking system from the shadow Chancellor, who designed the system that failed us so badly, and who did nothing to encourage transparency and control bonuses? Will he ensure that banks start to lend to small businesses?

Vince Cable: Indeed. In not only the agreement but our wider policy, we have advanced considerably on the position a year ago. We inherited a banking system that had collapsed, in part because of failures of regulation. We have introduced much more effective and higher levels of tax on the banks, because of the profits on their balance sheets. We have introduced greater transparency, which will add to legislation. Through the banking commission, we have set up a process of fundamental structural reform.

Stella Creasy (Walthamstow) (Lab/Co-op): On Government action to encourage lending, we see this week that, thanks to a lack of regulation, Dollar Financial intends to open another 800 money shops in this country this year alone. Will the Secretary of State clarify whether such legal loan sharking is the lending that he wants to encourage?

Vince Cable: There is a consultation process going on at the moment led by my colleague, the Under-Secretary, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), and we shall respond to it shortly. Clearly, it is essential that we have lending in deprived communities, with social enterprise and credit unions, and we are working to expand those areas.

Gordon Banks (Ochil and South Perthshire) (Lab): Last week, the man chosen by the Secretary of State to lead his business advisory group and to be his very own sounding board resigned because of the Government's deal with the banks. Does he agree with his noble Friend Lord Oakeshott that the Government have gone soft on the banks, that the Merlin lending deal does not live up to the coalition agreement and that the Government negotiators were arrogant, incompetent and

"couldn't negotiate their way out of a paper bag."?

Does the right hon. Gentleman agree that Lord Oakeshott has taken over his former mantle as the Lib Dem voice of decency on the banks and, as *The Independent* says:

"Is Lord Oakeshott the new Vince Cable?"

Vince Cable: I do indeed agree with my friend Lord Oakeshott on many issues, including what he says about banking, but on this issue I think he is wrong. May I suggest that a more authoritative view comes from the business organisations whose members will benefit from lending? For example, the CBI—often quoted these days from the Opposition Benches:

"It's good news that banks have agreed to lend more to businesses, and there will be more transparency in this area."

The FSB says that

"we welcome the intention to lend more to small businesses."

They are the people who are benefiting.

Low-emission Vehicles

5. **Margaret Curran** (Glasgow East) (Lab): What steps he is taking to encourage the manufacture of low-emission vehicles. [41346]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): Our aim is to make the United Kingdom a leader in the research, development and manufacture of low and ultra-low carbon vehicles. To this end, we have a comprehensive plan supporting major investment by companies, funding for research and development, consumer incentives and investment in infrastructure.

Margaret Curran: I thank the Minister for that reply. Is he aware of the Glasgow company, Allied Vehicles, which is leading the way in the production of electric cars in Scotland? I am sure that he is aware of Nissan's role in the field and its comments that the Labour Government's grant for business investment had ensured the manufacture of the Leaf car in the UK, creating 100 jobs and producing 600 vehicles. Will he tell the House precisely how much investment the Government have set aside for the manufacture of electric cars throughout the United Kingdom?

Mr Prisk: We are putting in more than £300 million to make sure that hybrid and electric vehicles are progressing, both with Ford and with Nissan. That is important both as grant and as a form of finance guarantee. As the hon. Lady knows, Glasgow is a new beneficiary of our new investment in the plug-in places programme, which is important. I look forward to its progressing.

Simon Wright (Norwich South) (LD): Lotus Cars, based just south of Norwich, has a worldwide reputation for innovation in low-emission vehicle technology. Lotus has submitted a bid to the regional growth fund, which if successful will enable the company significantly to increase its operations in the UK, providing hundreds of new jobs. Does the Minister share my enthusiasm for the ambition behind Lotus's bid, which so clearly demonstrates how the regional growth fund is encouraging manufacturing companies to think boldly?

Mr Prisk: The hon. Gentleman is right. Lotus is one of several excellent premier brands in motor engineering in this country. I shall not comment on the specific bid, because there are several to hand at the moment, but the hon. Gentleman is right to say that we have real opportunities in the sector. The Government are an effective partner in making sure that the sector grows.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): The Minister made mention of the need to invest in the sector and he is right; we need investment in all the greener technologies. That is why the establishment of the green investment bank is so important. It is almost a year since the election, so may I urge the Government to get a move on with the establishment of the green investment bank? Can the Minister give us an update on when he expects it to be operating and investing in those important technologies?

Mr Prisk: Clearly, the bank needs to work on a commercial basis. We are making very good progress with the proposals on it and we shall set them out in May.

Regional Growth Fund

9. **Chris Kelly** (Dudley South) (Con): What criteria he used to determine appointments to the independent advisory panel for the regional growth fund. [41350]

The Secretary of State for Business, Innovation and Skills (Vince Cable): The selection of panel members was rooted in ensuring that the independent advisory panel is mixed, with a good spread of expertise from around the country, bringing together representatives from major businesses, small and medium-sized enterprises, entrepreneurs, academia and civil society. All members of the panel act in an individual capacity under the chairmanship of Lord Heseltine.

Chris Kelly: I thank the Secretary of State for that answer, but can he explain why a representative of the New Economics Foundation has been appointed to the panel? That organisation has attacked the merits of economic growth and argued that Burma, Saudi Arabia and Haiti show Sweden, the United States and the United Kingdom that achieving long, happy lives without overstretching the planet's resources is possible. Might it not have been better to appoint someone to oversee the regional growth fund from an organisation that supports growth?

Vince Cable: The organisation is there to support growth. The suggestion that my hon. Friend mentions seems seriously dotty, but I have seen other work from the New Economics Foundation, focusing on local communities, which is very good. I can assure him that the advisory panel's work will be overseen by Lord Heseltine and Sir Ian Wrigglesworth, neither of whom could be said to be shirking on matters of business and entrepreneurship.

Joan Walley (Stoke-on-Trent North) (Lab): Given that the Government have said that they will be the greenest Government ever, can the Secretary of State give an assurance that panel members will include people with expertise on sustainable development and environmental protection, so that there can be a balance with growth and environmental concerns?

Vince Cable: In a way, that is what the New Economics Foundation is there for.

Export Licences

10. **Karen Lumley** (Redditch) (Con): What assessment his Department has made of the administrative burden on businesses of the process for issuing export licences. [41351]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): Export licensing needs to be thorough, especially where there are sensitive locations or uses. However, it is important that the Government continue to focus on keeping the costs to business down and we intend to do that.

Karen Lumley: Small businesses in my constituency of Redditch wishing to export to China have been victims of excessive red tape and delays in securing an export licence. One company has been waiting for months in respect of an order from China that would generate revenue and employment for the west midlands. Will the Minister take steps to reduce administration burdens on small and medium-sized enterprises and meet me and the company affected?

Mr Prisk: I should be more than happy to meet my hon. Friend. As she knows, two thirds of all applications are dealt with within 20 working days, but as she will appreciate this is sensitive equipment to a sensitive location. We need to ensure that we license only legitimate exports in these circumstances. I am pleased to say, however, that in this instance the licence has been granted.

Higher Education

13. **Mr Rob Wilson** (Reading East) (Con): What his policy is on widening access to higher education for students from disadvantaged backgrounds; and if he will make a statement. [41354]

20. **Gordon Birtwistle** (Burnley) (LD): What his policy is on widening access to higher education for students from disadvantaged backgrounds; and if he will make a statement. [41361]

The Minister for Universities and Science (Mr David Willetts): This Government are committed to social mobility. That is why our higher education reforms have no payments up-front, more generous maintenance support and the extension of loans to part-time students. Last week we gave updated guidance to the director of fair access about access agreements and outlined details of our £150 million national scholarship programme.

Mr Wilson: I thank my right hon. Friend for that answer and for the additional support to disadvantaged students. In a report, the Sutton Trust has described university entrance quotas as

"a punitive measure against talent and effort"

and argued that no child should be denied a university place because of their social or educational background. Does he agree with that view and will he clearly rule out any move towards the social engineering of university admissions?

Mr Willetts: We in the coalition Government do not believe in quotas, for the reasons that my hon. Friend rightly sets out. They would be not only undesirable but illegal because the autonomy of universities in running their own admissions arrangements has legal protection.

Gordon Birtwistle: Will my right hon. Friend congratulate Burnley college, which is operating in a disadvantaged area, on its event last Friday, when dozens of companies met scores of young people who wish to take up apprenticeships in engineering? Does he agree that that is the right way to go and that the coalition Government are repairing the damage following the destruction of manufacturing engineering by the previous Government?

Mr Willetts: As we heard so eloquently from the Minister for Further Education, Skills and Lifelong Learning, the coalition Government are absolutely committed to apprenticeships. It would be a mistake to hold the view that apprenticeships and places in higher education are in conflict. Indeed some apprentices may subsequently go on to university and benefit from a university course, too.

Mr David Lammy (Tottenham) (Lab): Can the Minister give an estimate of the likely shortage of funded places at university in the next academic year? Can he square that estimate with his desire to get young people from deprived backgrounds into university?

Mr Willetts: We have committed to repeat the initiative this year with 10,000 extra places at university. Current indications are that applications are running perhaps about 5% higher than at a similar point last year, but we will have to see what the eventual figure is. As the right hon. Gentleman used to say when he was in government, application to university has always been a competitive process. No individual place can be guaranteed but we are committed to broadening access to university.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): In the last month, the Secretary of State's Department has confirmed that another 10,000 student places are set to be axed. We now know that his national scholarship programme will help under 2% of students. The logic of his rhetoric on access would have us all believe that Oxford and Cambridge are to be the last universities in England allowed to charge the full £9,000, which nobody thinks is credible. In his mind, the Secretary of State may well still be "St Vince", but with Corporal Jones from Havant and Private Pike from Southwark and Bermondsey by his side is he not really just Captain Mainwaring, bumbling along out of his depth with all his best moments long since past?

Mr Willetts: We're not panicking; we're not panicking. In fact, it is Labour Members who left us with a situation whereby access to our leading, most research-intensive universities for people from the poorest backgrounds was declining. That is the challenge that we are tackling. I do not recognise the hon. Gentleman's figure of 10,000 fewer places, as there are extra places. That is perhaps why the National Union of Students, in a leaked e-mail this morning, apparently described our reforms as "relatively progressive".

Amber Rudd (Hastings and Rye) (Con): The university centre Hastings is doing some excellent work with children from poorer families who want to go on to higher education. It is very concerned about the future of higher education for them and asked me to inquire about the national scholarship fund and what more can be done to help children on free school meals when they leave school and might need some assistance.

Mr Willetts: Absolutely. When the national scholarship programme is mature, it will be worth £150 million a year. With match funding, which we expect the universities to provide, it could offer—contrary to the assertions of Labour Members—extra financial support to up to 100,000 students. It could work in various ways, providing help with accommodation costs, fee waivers and extra direct financial assistance, which we think is a very practical way of helping students from poorer backgrounds.

Construction Sector

14. **Chris Evans** (Islwyn) (Lab/Co-op): What assessment he has made of the likely effects on the construction sector of the outcome of the comprehensive spending review. [41355]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): The comprehensive spending review set out our plans for £200 billion of investment over the next 10 years as part of the first national infrastructure plan. This was welcomed by many in the construction sector.

Chris Evans: Does the Minister agree with Steve Morgan of Redrow when he says that the new homes bonus scheme is unlikely to prompt councils to approve more homes?

Mr Prisk: A number of benefits are being put forward for home building and for construction as a whole. The key issue with the housing market is whether the demand is there. That is the challenge: we will do our bit, but the market will need to operate as well.

Legal Aid

18. **Yasmin Qureshi** (Bolton South East) (Lab): What assessment he has made of the potential effects on requirements for support from his Department by citizens advice bureaux of planned reductions in the provision of legal aid. [41359]

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): My Department does not provide core funding for individual citizens advice bureaux; it provides it only for the national umbrella bodies of which they are all members. However, we are aware of the challenges facing bureaux from funding cuts at both the national and local level, including from the proposals on legal aid funding, and we are working closely with colleagues in the Ministry of Justice and other Departments across government that have an interest in the citizens advice service.

Yasmin Qureshi: As the Minister will be aware, citizens advice bureaux are suffering pressures not just from cuts to the legal aid budget but across Departments that are cutting services. How many citizens advice bureaux does he think will be cut as a result of the spending review?

Mr Davey: As I said in my initial response, funding for local citizens advice bureaux is up to local authorities. The Department for Communities and Local Government has made it clear that the voluntary sector, including citizens advice bureaux, should not be hit disproportionately. I hope the hon. Lady will welcome the fact that the national bodies Citizens Advice and Citizens Advice Scotland have had their funding for next year maintained at current levels. I hope she will also welcome the announcement this weekend by my right hon. Friend the Secretary of State that we will supply £27 million of funding for face-to-face debt advice next year.

Nia Griffith (Llanelli) (Lab): The Secretary of State will be well aware of the devastating impact that the cuts to legal aid will have on citizens advice bureaux across the country, leaving many people without the advice they desperately need. As the Cabinet Minister responsible for the citizens advice service, what action has he taken to ensure a coherent strategy across government to safeguard the full range of funding that the service receives from different Government Departments? At the moment, he seems to be abandoning the service, like the hireling shepherd leading out the injured lamb to be torn apart limb by limb by its predators.

Mr Davey: I do not think I have been promoted. However, I can reassure the hon. Lady that we are taking a cross-Government approach to the funding of citizens advice bureaux. That is why the Department has been so strong in making sure that national funding for the National Association of Citizens Advice Bureaux, which supplies technology and IT for all local bureaux, has been maintained, and I would have thought that she welcomed the extra money—£27 million—announced by my right hon. Friend the Secretary of State at the weekend, for which she and others have been calling.

Post Boxes

19. **Mr Philip Hollobone** (Kettering) (Con): If he will take steps to require Royal Mail to ensure the retention of the (a) colour of and (b) royal monogram on post boxes. [41360]

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): Royal Mail has publicly stated that it cherishes its distinctive and much-loved red post boxes and that it is absolutely committed to ensuring that they remain a distinctive part of our communities. The Government believe Royal Mail should continue to use the royal cypher on post boxes and we are in discussions with the palace about that.

Mr Hollobone: The red pillar box is one of the great symbols of our great nation, and it would be a national shame if pillar boxes were to disappear as a result of privatisation. Will the Minister require the Royal Mail to keep red pillar boxes, or ensure that some form of listed heritage status is applied to them so that we do not lose this great British symbol?

Mr Davey: I share my hon. Friend's interest in red post boxes, so I visited the British postal museum and archive only last week, and I can tell him that Britain's post boxes were originally green, but the public complained that they were too camouflaged, so chocolate brown was tried instead. That colour required too much paint, however, so we ended up with red, and we are on the fifth shade of red. I can also tell my hon. Friend that it would cost almost £1.7 million to repaint the nation's 115,000 post boxes, and given that Royal Mail has 300 litres of red paint in stock I think he can sleep easily in his bed at night about the colour of our post boxes.

Mr Speaker: We have now learned more about post boxes and the Minister's travel plans and personal interests, for which we are grateful.

Employment Growth Strategy

21. **Mr David Ward** (Bradford East) (LD): What his Department's strategy for employment growth is for areas that have a high proportion of public sector employment. [41362]

The Secretary of State for Business, Innovation and Skills (Vince Cable): The Government's overriding economic policy objective is to bring about strong, balanced and sustainable growth. The growth review will support private sector growth, providing jobs to people released from the public sector. The regional growth fund will focus on providing financial support to areas with weak private sectors, and we will announce the first allocation of funds shortly.

Mr Ward: I thank the Secretary of State for that answer. If the Department for Business, Innovation and Skills is the Department of growth, then the Department for Communities and Local Government must be the Department for cuts. If we treat communities—or individuals—who are unequal as equal, we reinforce inequality. I welcome many of the measures that have been announced, but they are national measures. Are any special measures in place for communities that suffered from the front-loading of the cuts as a result of the local government settlement?

Vince Cable: I know that my hon. Friend has worked extremely hard for the community he represents, which is a deprived area with relatively high unemployment. We would hope that specific tailored measures will come from the Leeds city region local enterprise partnership, which covers that area. The funding announcement on the regional growth fund is imminent, and it is often forgotten that, as a result of our negotiations with the banks, the business growth fund has an additional £2.5 billion, which will support private sector development across the country, including in my hon. Friend's area.

Apprenticeships

23. **John Stevenson** (Carlisle) (Con): How many apprenticeship starts there have been in the academic year 2010-11 to date. [41364]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I refer my hon. Friend to the answer I gave earlier.

John Stevenson: Carlisle has five major factories, as well as many small ones, and they all need a skilled work force. Does the Minister agree that the expansion of apprenticeships is vital to fill the gaps in our economy, and that apprenticeships must get the status they deserve?

Mr Hayes: Yes, we must drive up their status; we must elevate the practical. The aesthetic of apprenticeships matters, and I am determined to ensure that those who achieve vocational, practical and technical competence are as revered as—indeed, perhaps more revered than—we who pursued the academic route.

Small Businesses (Recruitment)

24. **Mark Pawsey** (Rugby) (Con): What steps his Department is taking to make it easier for small businesses to recruit staff. [41365]

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): The Government are reviewing employment laws to provide the flexibility that businesses need and support economic growth. As part of this, we recently launched a consultation on employment tribunal reform and the employer's charter, both aimed at increasing business confidence to take on, and manage, staff.

Mark Pawsey: On Friday I met business leaders in my constituency, Rugby, who told me that the matter of greatest concern to them is that too many work force disputes, often without foundation, are taken to the employment tribunal. Fear of such action is acting as a deterrent to employment. Can the Minister update us on when the new proposals will come into effect?

Mr Davey: As the hon. Gentleman knows, we recently published the consultation, "Resolving workplace disputes". I urge him to ask businesses in his constituency to respond to that consultation because we want to ensure that the current system, which I believe is bad for employers and employees, is reformed.

Topical Questions

Departmental Responsibilities

T1. [41367] **Simon Kirby** (Brighton, Kemptown) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Business, Innovation and Skills (Vince Cable): My Department has a key role in supporting business to deliver growth, rebalancing the economy, bringing enterprise, manufacturing, training, learning and research closer together, and in the process creating a stronger, fairer British economy.

Simon Kirby: Given its proximity to London and its highly skilled work force, does the Secretary of State agree that Brighton is a great place to do business? Will he consider relocating some of his staff and office use to this most excellent city?

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): My hon. Friend is right. Brighton has tremendous economic advantages. We will, of course, as a Government and as a Department, consider those for our own purposes.

Mrs Mary Glindon (North Tyneside) (Lab): Workers at Longbenton Foods in North Tyneside have been locked out of their frozen food factory this week and have been asked to take enforced holiday by the owners. More than two years ago the Labour Government stepped in to help the factory with grants when a fire closed it, and thus saved the jobs for the work force. As we try to ascertain what the current problems are, can the Minister assure me that, like his Labour predecessors, he will make a commitment to give any support he can to all those concerned in trying to ensure that those crucial jobs are maintained in my constituency?

Mr Prisk: These are always difficult times for people in the situation the hon. Lady describes. Would she do me the courtesy of providing me with the information? My Department will look at it. She knows that money is tight, for reasons that we are all aware of, but I want to make sure that I understand the facts, then I will give her an answer.

T2. [41368] **Nick de Bois** (Enfield North) (Con): Does my right hon. Friend agree that tackling vexatious employment claims and introducing more flexibility for employers will encourage the growth of jobs and a sustainable economy?

The Secretary of State for Business, Innovation and Skills (Vince Cable): The response that the Under-Secretary of State, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), gave to the hon. Member for Rugby (Mark Pawsey) a few moments ago answers the question. The consultation process is under way. We want to deal with the problem that the hon. Member for Enfield North (Nick de Bois) raises, which is a big one, in two ways—first, by increasing the period of employment from one to two years before claims can be made, and, secondly, by insisting that all disputes that go to tribunals should go through a conciliation stage first.

Naomi Long (Belfast East) (Alliance): As the Secretary of State is considering banking reform, may I ask him what discussions he has had both with the Northern Ireland Executive and with the Irish Government regarding the impact that the National Asset Management Agency is having on the banking sector in Northern Ireland?

Vince Cable: I have not had any specific discussions of the kind that the hon. Lady suggests, but it would probably be appropriate for the Chancellor to do so. Clearly, there is an important Irish dimension because of the way in which British banks are heavily exposed to Irish banks.

T3. [41369] **Mrs Helen Grant** (Maidstone and The Weald) (Con): What plans does the Secretary of State have to promote gender balance in business, and what is his view on imposed quotas?

Vince Cable: The Government are not in favour of imposed quotas, but the detailed proposals will shortly come forward. As the hon. Lady knows, a report is close to fruition and will be announced in a few days. It will advance the issue of greater women representation on boards, which has been shamefully low for many years.

Paul Blomfield (Sheffield Central) (Lab): Two days ago, with colleagues, I met the business leaders who are board members of Sheffield city regional local enterprise partnership. They are enthusiastic about their task but bemused by the lack of clarity about the powers, responsibilities and resources they will have to undertake it. Will the Minister tell the House when that will be clarified?

Mr Prisk: We are setting out the proposals clearly. They are also in the local growth White Paper. We have written to the boards and we are having a summit of all the board leaders together. There are various things that Sheffield will want to do and Leeds will want to do, which are different in other areas. We want to make sure that we do not strangle that initiative.

T4. [41371] **Andrew Selous** (South West Bedfordshire) (Con): The market for electric cars is estimated to be worth $2 trillion. Israel has resolved to make its road transport fossil fuel-free by 2020 and has the largest car dealership on earth in the north of Tel Aviv for electric cars. Can my hon. Friend reassure me that the UK will be at the front and centre of this new industrial revolution, and not lose out as we have done in other areas in the past?

Mr Prisk: My hon. Friend is absolutely right. That is why, unlike in other European countries, nine electric models will be available over the next year and why we are leading on electric manufacture. It is why we are investing in consumer incentives and infrastructure. It is a vital market. We are working on it.

Toby Perkins (Chesterfield) (Lab): Auto Windscreens went into administration on Monday. If the administrators do not find a buyer quickly, 1,100 people will lose their jobs. The Minister has been too busy to intervene personally and now his Department has passed the matter over to the Department for Work and Pensions. Under Labour, the regional development agency would have taken on a role of cross-co-ordination. Has the failure of the cross-agency co-ordination approach not let down those 1,100 workers, and why has the Department washed its hands of the matter by turning it into a pensions and benefits issue?

Mr Prisk: I am sorry that the hon. Gentleman is being slightly churlish. He spoke to me only two days ago, when I made it clear that my Department would check the facts. We have done that. The Department for Work and Pensions is already in contact with the company. We are ensuring that we understand both the job issues and the company issues. We are very happy to work with all Members, so I am sorry that he has chosen to be somewhat churlish on this occasion.

T5. [41372] **Margot James** (Stourbridge) (Con): The UK dairy industry is in crisis, with farmers receiving from supermarkets 3p per litre less than the cost of production. This is leading to pressures to intensify dairy farming that are most concerning on grounds of animal welfare and the environment. Will the Minister update the House on plans to introduce a grocery code adjudicator, as announced in the coalition agreement?

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I certainly will. We hope to publish the draft Bill before Easter.

Helen Jones (Warrington North) (Lab): Does the Minister plan to switch higher education numbers to low-cost courses in further education colleges, as recently reported in the *Financial Times*, and, if so, what modelling has his Department done on the effect on student choice and possible increased social segregation?

The Minister for Universities and Science (Mr David Willetts): There are further education colleges across the country that are keen to deliver more higher education, and the coalition Government believe that that is an opportunity that they should be able to take up, provided they meet the necessary standards.

T6. [41373] **Mr Christopher Chope** (Christchurch) (Con): Do the Government agree that universities should be free to admit students on the basis of academic merit without interference from the Government, and, if so, why are they intent on more regulation and meddling in the freedom of university admissions?

Mr Willetts: As I explained earlier, universities are of course free to control their own admissions and must have that freedom. Universities have always assessed students not only by what they have already achieved, but by their potential to achieve in future. They have often made that judgment informally and we support them in continuing to do so.

Mr Mike Weir (Angus) (SNP): In answer to an earlier question, the Minister talked about the development of electric vehicles. Is the Department looking at encouraging the development and take-up of a hybrid version with a petrol back-up, rather than a traditional hybrid, to deal with the problem of range in rural areas?

Mr Prisk: The hon. Gentleman is absolutely right. That is why, although electric vehicles are crucial, we are not focusing simply on one technology. Hybrid and plug-in hybrid vehicles are a crucial part of that, which is why we are ensuring that the office for low-emission vehicles is looking at all technologies, especially in the rural context.

T7. [41374] **Martin Vickers** (Cleethorpes) (Con): Ministers will be aware of the great potential of the Humber region for expanding the renewable energy sector, as was confirmed by the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Wealden (Charles Hendry) in a Westminster Hall debate yesterday. It is essential that small and medium-sized enterprises are given every support and opportunity to benefit fully from such major developments. What additional measures are Ministers considering for achieving that?

Mr Prisk: We are seeing growth in that area, not least because of the Government's leadership in ensuring that investment is forthcoming. My hon. Friend is absolutely right about small businesses, and the key is supply chains. We are working with the industry to ensure that the major primes work with the smaller businesses so that everyone can participate, in the Humber and elsewhere.

Julie Hilling (Bolton West) (Lab): Does the Minister agree that volunteering is a good way for young people to gain skills, build confidence and gain qualifications and contacts to assist them in finding work? Does he share my concern that funding for youth volunteering projects has been cut completely and that v projects will close in March?

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): Volunteering is an important way of giving people a taster, which can then lead to employment or to further learning. I agree that we need to do more work on the matter, and I am very happy to discuss it further. As a result of the hon. Lady's question, I shall ask my officials to come back to me, and then I shall return to the issue, through her, and to the House.

T8. [41375] **Caroline Dinenage** (Gosport) (Con): What efforts is the Minister's Department making to support and to promote the marine industry in the UK?

Mr Prisk: We are working hard to ensure that the sector, which is a £10 billion industry by sales, is able to grow. That is why I am co-chairing the Marine Industries Leadership Council, and we held a reception in Parliament for all Members to understand its impact. We have a number of important studies on exports and on trade, making sure that investment is forthcoming, and we are determined to ensure an effective partnership between industry and Government so that there is growth.

Chris Ruane (Vale of Clwyd) (Lab): What is the Minister's definition of the big society, and what role is his Department playing in it?

Mr Davey: I believe that the whole point of the big society is to give people the permission and the support to engage in their local community and to show responsibility. I would have thought that the hon. Gentleman and other Opposition Members supported something that plays to the best traditions of our country.

T9. [41376] **Graham Evans** (Weaver Vale) (Con): I have mentioned in the House before my constituency's excellent Daresbury science and innovation campus, which really is a world-class centre for hi-tech entrepreneurship. Daresbury recently bid for a share of the £1.4 million regional growth fund. Can the Minister assure me that that bid will be looked upon favourably?

Mr Willetts: I am aware of the strengths of that excellent campus, and I am sorry that business in the House meant that I was not able to visit the other day, as I had hoped. I will visit very soon. Of course, there have been many bids for the regional growth fund, but in that way or in others I hope that we can continue to support my hon. Friend's facility.

Natascha Engel (North East Derbyshire) (Lab): Government Front Benchers have today stated their intention to extend from one year to two a worker's right to claim unfair dismissal, but, in industries such as construction, where tens of thousands of workers who have worked for many years for the same employer do not even have a written contract, what is the Secretary of State doing to enforce such basic employment rights before he starts taking workers' other rights away?

Mr Davey: We do not propose to take away all the rights to which the hon. Lady refers. We are approaching our employment law in terms of ensuring fairness for employees and that businesses have the freedom and flexibility to take on more people. I would have thought that she welcomed the fact that we want to reduce the dole queues by ensuring proper employment reform.

Lorely Burt (Solihull) (LD): I greatly welcome this week's news that the directors of Farepak and its parent company have been disqualified, and I am sure that the whole House, alongside all the families who lost money, will do, too. What can we do now to ensure that companies like that are not able to bleed their subsidiaries of savers' and families' money?

Mr Davey: Disqualification proceedings have been issued against the nine directors on the grounds that their conduct makes him or her unfit to be concerned in the management of a company, so I am afraid that my hon. Friend's remarks are slightly premature.

Tristram Hunt (Stoke-on-Trent Central) (Lab): Will the Minister explain how the Government can possibly hope to promote access by cutting the teaching budget for universities by 80%? As a result, universities will have to charge £7,500 simply to stand still. Rather than attacking the autonomy of universities with Whitehall over-interference, why do the Government not invest the requisite public resources in our great universities?

Mr Willetts: The hon. Gentleman cites a figure that even the NUS no longer accepts as viable. He seems to have failed to understand the fundamental feature of our reforms, which is that the money will continue to reach universities but via the choices of students. That is the right way in which to finance them.

Mr Andrew Turner (Isle of Wight) (Con): Sixteen months ago, the Office of Fair Trading declined to investigate ferry services to the Isle of Wight. Many islanders feel that the ferry operators view the OFT's decision as carte blanche to cut services and to change their pricing structure. Will the Minister agree to meet me and a small group of my constituents to discuss those matters?

Mr Davey: I am not aware of that OFT report from 16 months ago, but I will meet the hon. Gentleman to discuss it.

Mr Ben Bradshaw (Exeter) (Lab): I thank the Secretary of State and his Ministers for what they have been trying to do in talking sense into Devon and Somerset over our local enterprise partnership, and suggest that perhaps west Dorset might like to come in with us as a solution to the problem mentioned by the hon. Member for Mid Dorset and North Poole (Annette Brooke). However, Exeter is still being completely excluded from this process. Will the Minister not sign off the draft LEP until Exeter is guaranteed either a business or a local authority seat on the partnership board?

Mr Prisk: We have made it very clear that all partners must be engaged in this process, and I am grateful to the right hon. Gentleman for participating in it. I am talking to the partners involved, and I have made it clear that they must ensure that this is a genuine, lasting partnership that will help our local economies to grow.

Laura Sandys (South Thanet) (Con): I thank the Department and the Minister for all the work they are doing to secure jobs on the Pfizer site in Sandwich. What is his vision in securing those jobs and a future for the site in the science area?

Mr Willetts: I am grateful to my hon. Friend. This is a very serious challenge that we face, and we are doing our best to tackle it. Yesterday I met the leader of Kent county council and other members of his taskforce, and last week I visited and met members of the work force. We are absolutely committed to the future of that site and believe that it should be possible for a range of different research organisations to be active on it. The site should have a great future.

Lilian Greenwood (Nottingham South) (Lab): I recently met representatives from the Union of Jewish Students at the university of Nottingham, who tell me that they are concerned about increasing incidents of anti-Semitism and racial incitement by guest speakers at university campuses. Will the Minister take steps to support the implementation of speaker policy guidelines in universities across the UK to help student unions and vice-chancellors to deal effectively with guest speaker invitations and prevent incidents of hate speech and intimidation?

Mr Willetts: I have discussed this with representatives of Jewish students. It is a challenge for universities, and the hon. Lady is right to raise it. We will continue to be absolutely emphatic on the rights of individual students to enjoy freedom without facing harassment and abuse, which, sadly, has been occurring.

Duncan Hames (Chippenham) (LD): Perhaps, like me, Ministers can recall how it felt to be among one of the last to be picked for a team in a game of schoolyard football. The experience is very similar for some areas wishing to join local enterprise partnerships. Can the Minister reassure residual LEPs in smaller areas that they will still have fair access to regionally administered skills funding?

Mr Prisk: Last but not least, I assure the hon. Gentleman that the 13% figure is often driven by the need for local partners to get their arrangements right. We are standing ready. We know that these partnerships can help local growth right across England, right across London, and in his constituency as well.

Mrs Jenny Chapman (Darlington) (Lab): We found out this morning that Wonga, the payday lender, has raised £73 million to expand its operations across the country into even more communities. When are this Government going to get a grip on these legal loan sharks?

Mr Davey: As my right hon. Friend the Secretary of State said earlier, we are waiting to respond to the consultation on consumer credit and personal insolvency, which will deal with all aspects of consumer credit. I am not aware of the particular point that the hon. Lady has made, but when we respond I hope that she will welcome our ideas.

Richard Fuller (Bedford) (Con): In towns such as Bedford, there is a tremendous opportunity for small business men and women to support start-ups and entrepreneurs in their local communities with time, advice and money. Will the Minister consider ways in which he can support such community-led efforts to promote jobs and enterprise in local communities?

Mr Prisk: My hon. Friend exactly describes the great role of local enterprise partnerships, which provide the opportunity to forge together not only entrepreneurs but angel investors and local civic leaders. We are determined to grow the economy; the Opposition have nothing to offer. I am sorry that they are not prepared to listen and learn. They had 13 years in which we watched many parts of England and Wales fall behind. We are determined to ensure that that is not the case.

Bahrain

11.34 am

Mr Denis MacShane (Rotherham) (Lab) *(Urgent Question)*: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on Bahrain.

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): Last night at approximately 3.30 am local time, Bahraini police moved into the Pearl roundabout area of Bahrain's capital city, Manama, to clear an encampment of protesters. The Bahraini Ministry of the Interior claims that the protesters were asked to move before force was used. Other reports say that the police moved in without warning, using tear gas and rubber bullets. Two people have been confirmed dead and there are reports of further casualties. The police and the Bahrain defence force have moved to secure key areas in Bahrain, particularly the Pearl roundabout in Manama and neighbouring districts.

This morning, there are further reports of sporadic clashes and unconfirmed reports of further deaths. There has also been a large gathering outside the hospital where the injured were taken. Traffic is severely disrupted in Manama and there are reports of stockpile shopping. There are no reports of other areas to the west and south of Bahrain being affected.

We are not aware of any UK nationals having been caught up in the violence so far. We are advising all British nationals to stay away from protests and to avoid all but essential travel around Bahrain. The airport in Manama continues to function normally, but we will of course keep the situation under review and ensure that British nationals in Bahrain receive full consular support.

We have conveyed our concern about these events and the level of violence to the Government of Bahrain. We are greatly concerned about the deaths that have occurred. This morning, I spoke to the Foreign Minister of Bahrain and last night our ambassador spoke to the Minister of the Interior. In both cases, we stressed the need for peaceful action to address the concerns of protesters, and the importance of respect for the rights to peaceful protest and freedom of expression. It is also essential that all those who are injured have immediate access to medical treatment. We urge all sides to avoid violence and for the police to exercise restraint. The Bahraini Government should move quickly to carry out their commitment to a transparent investigation into earlier deaths, and extend that to include today's events and any alleged human rights abuses.

I also said to the Foreign Minister that this is a time to build bridges between the different religious communities in Bahrain. I said that we would strongly oppose any interference in the affairs of Bahrain by other nations or any action to inflame sectarian tensions between Bahrain's Sunni and Shi'a communities. We recognise that Bahrain has made important political reforms alongside its growing economic success. We strongly welcome such steps within the context of the long friendship between Bahrain and the UK under successive Governments. I was assured in Bahrain last week and again this morning that the Bahraini Government intend to build on these reforms.

We will always encourage Bahrain and other countries to take further steps that meet legitimate aspirations for greater political and social freedoms. As I said in my statement on Monday, Britain will continue to send a constant message to Governments of the region about how important it is to move in the direction of more open and flexible political systems and sound economic development, while always respecting the different cultures, histories and traditions of each nation.

Mr MacShane: I am grateful to the Foreign Secretary for coming to answer this urgent question himself, and for bringing his ministerial team. Does he agree that a wind of change is blowing through the Arab world—first Egypt, Tunisia and Yemen, and now Libya, Algeria and the terrible news of deaths and hospitals filled with the wounded as the autocrats of Bahrain seek to crush their people's hopes? *[Interruption.]* I hear sneers from the Government Benches. Momentous changes are under way as big as those of 90 years ago after Lawrence arrived in Aqaba.

Seven thousand British citizens live in Bahrain, and UK exports to Bahrain are worth £500 million. Last week, the Foreign Secretary visited Bahrain. Did he have contact with the pro-democracy opposition or was the purpose of his mission simply to be a latter-day Castlereagh, upholding conservative monarchs in the region? Why is there no statement on the Foreign and Commonwealth Office website with even the tiniest hint from the Foreign Secretary to the rulers of Bahrain that they must move with the times—or does he chastise only the Israeli Government? Does he agree that all political detainees must be released now?

Will the Foreign Secretary confirm that late last year his FCO ministerial colleagues signed off on exports to Bahrain of tear gas, irritant ammunition, riot control equipment and other matériel used to crush democracy? Will he tell the House that there will be no more exports of such matériel from Britain? Will he confirm that the Register of Members' Financial Interests shows that Ministers, while in opposition, were on a regular gravy train to Bahrain, paid for by the rulers of the statelet? Does he agree that it would be better if the financial links between Bahrain and Members of this House were now suspended?

Finally, does the Foreign Secretary agree that almost a century of British policy, supported by Governments of all parties, based on turning a blind eye to the repression and corruption of the regimes in this region may be coming to an end? Will he therefore agree to a wide review of UK foreign policy in the region before it is too late, and reverse the cuts to the BBC and the British Council, so that Britain can be more and not less present, and on the side of democracy and decency in the region for the first time in generations?

Mr Hague: If I may respond to the substantive parts of the right hon. Gentleman's question, Britain is of course on the side of decency and democracy everywhere in the world, including in the middle east and the Gulf states. The House gave strong support on Monday for the sentiments that I expressed in respect of our approach to the situation. The Opposition were also generally supportive of our continual call for more open and flexible political systems, and for the recognition of legitimate political aspirations, while respecting and

understanding the fact that those countries are all different, that they all cope with different situations, and that they have had a different pace of reforms.

It is certainly important to express our gravest concerns in the manner in which I have this morning, but it is also important to recognise that important reforms have taken place in Bahrain and that the King of Bahrain pledged himself in the last week to further such reforms.

The right hon. Gentleman asked about the presence of Government statements on the Foreign and Commonwealth Office website. That website will of course be updated with all my statements, including this one and what I will say at the press conference that I will hold shortly with the Spanish Foreign Minister. However, I did speak about this matter in the House of Commons itself on Monday, and that is where Governments should give their definitive statements on such things.

Any exports will be looked at under the strict criteria that we always apply in this country. It is true that both in opposition and in government, many right hon. and hon. Members have been to Bahrain and held extensive discussions with its leaders. In fact, on every occasion when I went there in the last five years, Ministers of the previous Government were there at the same time. It is wholly right to have that dialogue with Bahrain and other Gulf states.

The right hon. Gentleman asked about my visit last week. I met a variety of opposition human rights organisations, including the Bahrain Human Rights Society, the Migrant Workers Protection Society and the Bahrain Women's Union. I subsequently raised some of the issues that they brought up with Bahraini Ministers. We have a continuous discussion and dialogue on human rights with the Bahraini authorities, which again is absolutely the appropriate thing to do.

I am sure that the right position for this country, in the context of that long friendship with Bahrain of which I have spoken, is to press for legitimate aspirations to be met and for actions to be taken that bring different religious communities together, as well as to express our grave concern when such matters arise.

Sir Menzies Campbell (North East Fife) (LD): I am not sure that I can match the rhetoric of Rotherham, but I agree with the Foreign Secretary that it is clear that very substantial movements for change are sweeping through the middle east—an area with which we have a long history, including sometimes on colonial terms. He recognised the importance of the area by recently visiting it.

The Foreign Secretary has confirmed already that we will conduct ourselves according to our belief in the rule of law, democratic principles and the need for freedom of expression, but has he considered whether, in this period of potentially tumultuous change, there could be a role for the Arab League? Has he sought discussions with the Arab League ambassador here in the UK or with others elsewhere to determine whether the Arab League could help in what looks like a transformation in the region?

Mr Hague: I am grateful to my right hon. and learned Friend. There is indeed a movement for change in many parts of the Arab world, although we must understand that motivations and aspirations differ from one country to another. Bahrain has achieved much more economic development than Tunisia or Egypt, but it has a starker religious divide, despite the efforts of the Bahraini Government to say that everyone is a Bahraini. The circumstances are different in each country. A meeting of Gulf Co-operation Council Ministers is taking place in Bahrain this afternoon. They will discuss the situation together.

My right hon. and learned Friend asked specifically about the Arab League. In recent days, I have discussed the situation in the Arab world, and most specifically in Egypt, with the secretary-general of the Arab League, Mr Amr Moussa. We might be hoping for too much if we expect a consistent position on this by the Arab League, because the circumstances of each country differ so much, and because, of course, the Arab League includes nations such as Syria and Libya, which have a particularly severe approach to dissent and are not accommodating of any reform movements or demonstrations in their countries. I think, therefore, that it would be difficult to bring about a unified response from the Arab League, although it would be very good if it did happen. The British Government will continue to make our case in exactly the way he described.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I thank the right hon. Gentleman for his answer. Will he give more detail of the work being done to support British nationals in the country, and what contingency plans will go ahead in the event of these protests escalating? I fully support his comments urging restraint on all sides and expressing the British Government's grave concerns about the policing of the protests on Pearl square, and his advocacy of the protection of human rights. Given the strength of our diplomatic relationship with Bahrain, will he tell the House what he and his officials plan on doing in the days ahead to ensure that the Bahraini Government are aware that the eyes of the whole world are on the behaviour of the police and security forces in the light of recent events? He is right, of course, to say that Bahrain has seen some progress on political reform since the introduction of the new constitution in 2002, and I welcome the fact that when he was in Bahrain last week, he raised the importance of continuing progress along that path. Will he therefore tell the House specifically what advice on such further reform he gave to the Bahraini Government last week, and what steps the British Government would now like to see in the days, weeks and months ahead?

Mr Hague: I am grateful to the right hon. Gentleman for his comments. On contingency plans, I have spoken to our ambassador in Bahrain this morning. Of course, we are watching the situation very carefully as it may affect British nationals, travel advice or the situation at the airport. If it becomes necessary, we will send additional resources to reinforce our diplomatic or consular presence. That does not seem to be necessary yet, but we will keep it under review night and day. After recent experiences in Egypt and Tunisia, we are used to sending a rapid deployment team when necessary, and to smoothly and calmly assisting British nationals if a crisis develops. I also thank him for his welcome for other things that the Government have said.

[Mr Hague]

On the specific advice that we give to the Bahraini Government now and in the future, we always have to be careful, given that we do not believe in outside interference in the political affairs of other nations, about being so prescriptive that we think exactly what reforms should take place. However, we think that there are legitimate aspirations that should be satisfied, and that it is important that the Government in Bahrain continue to make it clear in their words and actions that political reforms will continue and that economic opportunities will be opened up across the whole of society. That is what we will emphasise. However, as another nation, we will not try to determine the exact detail of their policies.

Sir Peter Tapsell (Louth and Horncastle) (Con): As my right hon. Friend will know very well, Iran has long had a claim over the sovereignty of Bahrain, which raises delicate international problems at the present time. However, it is something on which the British Government and the Arab League can march together in giving support to His Majesty the King of Bahrain in resisting any attempt by Iran to exploit the present situation.

Mr Hague: My hon. Friend is right. That is why I mentioned earlier, in response to the original question, that we would strongly oppose any outside interference in the affairs of Bahrain or any attempt to widen and exacerbate the sectarian difficulties that clearly exist there. He puts his finger on that. It is a message that should go out loudly and clearly from the western world, and now I think from the Arab world. I have no direct evidence of such interference taking place, but it is right for us to sound a strong warning about it.

Mr Ben Bradshaw (Exeter) (Lab): Does the Foreign Secretary agree that events in Bahrain and throughout the Arab world demand a much more fundamental reassessment of British and western policy in the region, away from support for autocratic Governments, to unequivocal support for democracy, freedom and human rights?

Mr Hague: Our relationship is with nations rather than individuals, as I have stressed in the case of Egypt and Tunisia. However, it is important to be able to work with the leaderships of countries throughout the Gulf—a particularly strong example of that—in the interests of the security of the whole region as well as of the welfare of British nationals, and of the consistency and strength of our policies on the Iranian nuclear programme. Of course, we have good relations and have discussed foreign policy matters very closely—as often, though perhaps not often enough, happened under the previous Government—with all the leaders of the Gulf states. I do not think that events call for us to break our links with the leaders and monarchies of such states. That would be the height of folly. However, they call for us to repeat all the time the messages that I have mentioned today, and for Britain to assist in that wherever we can. Last week in Tunisia, I announced the Arab partnership fund to help the development of civil society and political parties throughout the Arab world. That is the right approach for Britain.

Mr Edward Leigh (Gainsborough) (Con): Unlike Libya, where demonstrations are also taking place today, Bahrain is a loyal friend of the west. It has started political reforms and is very tolerant of western lifestyles. May I urge my right hon. Friend, before the Government make any criticism of Bahrain, to proceed with extreme caution and say, on behalf of the House of Commons, that the right hon. Member for Rotherham (Mr MacShane), with his one-sided views, does not speak for us?

Mr Hague: Thankfully, that is the case on all subjects, so it is hardly necessary to make that latter point. My hon. Friend is right—we have had a long friendship for the past 40 years with Bahrain, and it is felt strongly in that country. He is also right to point out that protests have been going on in Libya, where television cameras are not present, so they may not be so much in the news. However, we should remember those protests, too, and we call on the Government in Libya to recognise the right to peaceful protest and to avoid the excessive use of force. That message should also be conveyed clearly today.

Paul Flynn (Newport West) (Lab): The great changes would not have happened without fresh information from the platforms of social networks and from the most reliable, trusted news organisation in the world. As the Government are in the mood for U-turns, should not they look again at their planned wasteful cuts to the BBC world services?

Mr Hague: The hon. Gentleman is right that social networking sites have played a strong role in recent events across the middle east. So has satellite television, which brings us to an important point. The BBC's services must adapt to the changes in the world—the vast majority of people in the Arab world keep in touch with those events through watching satellite television channels. That is the way for the BBC to develop its services, including its online services, rather than thinking that every service that it now provides has to stay exactly the same. Medium-wave transmissions across much of the Arab world will be continued. Shortwave transmissions will continue into the Arabian peninsula and into Sudan, but the right way to go is to develop the BBC's satellite television services. That is the sort of thing people are watching.

Mr James Clappison (Hertsmere) (Con): My right hon. Friend has a good record on standing up for human rights in the region, but in the events that are now unfolding, will he take a close interest in the position of Christians and Christian communities throughout the region? They have already faced pressure and persecution both from some of the existing regimes and from certain political forces within them, although Bahrain is not one of the worst examples by any means.

Mr Hague: As my hon. Friend says, the important issue that he raises is thankfully not a factor in these particular disturbances, but the message of tolerance and acceptance of different religions should always go out clearly from this country. That is very important to underline in the middle east today, where there have been terrorist outrages against Christians, but also against other religious minorities across the region. Part of what we need in the middle east in the coming years is

not only an acceptance of more open and flexible political systems, but real leadership from the countries concerned in accepting the presence of different religions.

Keith Vaz (Leicester East) (Lab): May I welcome the tone and content of the Foreign Secretary's statement? Bahrain has a long-standing relationship with our country, and it is seeking to reform in the context of its own philosophy. I do not blame the Foreign Secretary, but before his visit there were no protests in Bahrain. In the meetings that he held with those who wanted to accelerate the reform process, did he anticipate that they would happen? Will he continue not to lecture middle eastern countries, but to work with them to ensure that their reform process is brought to a logical conclusion?

Mr Hague: I am very grateful to the right hon. Gentleman for his question. That is the right way to frame those things—with a deeper understanding of what is happening in those societies. He might have a word with the right hon. Member for Rotherham (Mr MacShane) afterwards about some of those issues. It is true that outbreaks of disorder have occurred in several places that I visited last week, but I am confident that it is not cause and effect. In my tour of the middle east, we correctly anticipated some of the places, such as Yemen and Bahrain, where difficulties would arise. It is all the more important in those countries to stress the message of necessary and appropriate reform. Among the leadership in Bahrain, there is the appetite and determination to carry out those reforms. There is no doubt about the sincerity of the King of Bahrain and the leaders of the country about that. We will therefore continue to give our advice and to deplore situations where violence arises and lives are lost. Both elements are important.

Rehman Chishti (Gillingham and Rainham) (Con): I welcome the Foreign Secretary's statement. Will he clarify the position to ascertain whether what is happening in Bahrain now is connected to incidents there four or five years ago, when disturbances were linked to the influence of Iran, which asserted that it was the custodian of Shi'ites and would even send its troops to defend them, or whether it is a genuine desire for reform by the people of Bahrain?

Mr Hague: As I said, I do not have any evidence of Iranian involvement in the protests, although, over the years, I think that some statements by Iran have been intended to exacerbate tensions in Bahrain. We should therefore remember that context. However, it is fair to say, without analysing or knowing the politics of every other country in the world, that there are legitimate aspirations for better economic opportunity and political rights in the countries concerned, including Bahrain. Undoubtedly, a mixture of factors is at work, and that underlines the need for the approach that I have described.

Chris Williamson (Derby North) (Lab): On a point of order, Mr Speaker.

Mr Speaker: I point out to the hon. Gentleman that points of order follow statements, so we will deal with the business statement first.

Business of the House

11.58 am

Hilary Benn (Leeds Central) (Lab): Will the Leader of the House give us the forthcoming business?

The Leader of the House of Commons (Sir George Young): The business for the week commencing 28 February will be as follows:

MONDAY 28 FEBRUARY—Motion relating to the big society. The subject for this debate was nominated by the Backbench Business Committee.

TUESDAY 1 MARCH—Second Reading of the Protection of Freedoms Bill.

WEDNESDAY 2 MARCH—Estimates day (2nd allotted day). There will be debates on Sure Start children's centres and Her Majesty's Revenue and Customs, the details of which will be given in the *Official Report*, followed by a motion to approve the draft Prevention of Terrorism Act 2005 (Continuance in force of sections 1 to 9) Order 2011.

At 7 pm the House will be asked to agree all outstanding estimates.

[The details are as follows: Sure Start Children's Centres: 5th Report from the Children Schools and Families Committee of session 2009-10, HC 130; Government response—4th Special report from the Education Committee of session 2010-11, HC 768; and HMRC: Oral evidence taken before the Treasury Sub-Committee on 8 February 2011, HC 731-ii, and 19 January 2011, HC731-i; oral evidence taken before the Treasury Committee on 15 September 2010, HC 479; 7th Report from the Treasury Committee of session 2009-10, Administration and Expenditure of the Chancellor's Departments 2008-09, HC 156, and Government response, Cm 7917; 8th Report from the Treasury Committee of session 2006-07, The Efficiency Programme in the Chancellor's Departments, HC 483, and Government response, 1st Special report from the Treasury committee of session 2007-08, HC 62".]

THURSDAY 3 MARCH—Opposition day (12th allotted day) (half-day) (first part). There will be a half-day debate on a Democratic Unionist party motion, subject to be announced, followed by proceedings on the Consolidated Fund Bill.

FRIDAY 4 MARCH—Private Members' Bills.

The provisional business for the week commencing 7 March will include:

MONDAY 7 MARCH—Consideration in Committee of the Scotland Bill (day 1).

TUESDAY 8 MARCH—Remaining stages of the European Union Bill.

WEDNESDAY 9 MARCH—Second Reading of the Welfare Reform Bill.

THURSDAY 10 MARCH—There will be a debate on a motion relating to UN women. This debate was nominated by the Backbench Business Committee, followed by a further debate on a subject to be nominated by that Committee.

I should also like to inform the House that the business in Westminster Hall for 17 March 2011 will be:

THURSDAY 17 MARCH—A debate on articles 9 and 13 of the Bill of Rights and the role of Parliament in dealing with all grievances and the importance of freedom of communication between constituents and Members.

Hilary Benn: I am grateful to the Leader of the House for that reply. I thank him for his clarification this week on the Scotland Bill, although the publication of the Scotland Bill committee's report at Holyrood is, of course, only part of the legislative consent motion process, as the Scottish Parliament then has to debate the report and the legislative consent motion and vote on them. Given that the Secretary of State for Scotland has described this as the biggest transfer of fiscal powers since the Act of Union, we should wait until the process has been completed in Holyrood before proceeding with Committee stage here.

In the light of the significant developments in the middle east, do the Government have plans for a debate?

On police numbers, will the Leader of the House ask the Home Secretary to come and explain why she is now three weeks late answering a named-day question tabled by my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper)? Is it because the Home Secretary cannot think of a way to square her commitment not to cut officers from the front line with the 1,500 police officers and staff who will go in West Yorkshire, the 480 in Merseyside, the 1,500 in Kent and the more than 1,000 in Devon and Cornwall? When senior officers are describing these as the

"biggest budget cuts for a generation",

I think that my right hon. Friend—and the public—deserve an answer to her question.

It has been another very bad week for the Government. Youth unemployment is now at its highest level since 1992—the last time we had the misfortune of a Tory Government. One in five young people are now without work, and we discover this week that the Tories' latest scheme for helping the young unemployed is to flog off internships with top banks at £3,000 a time at a ball to raise funds for the Conservative party. That is not so much social mobility as upwardly mobile socialising.

May we have a debate on the quality of ministerial decision making and briefing, as it has also been a very bad week for Ministers? The Prime Minister claimed yesterday that the Government are running the biggest back-to-work scheme since the 1930s—funny that, because, as historians will point out, Britain did not have any Government employment schemes worthy of the name at the time. The Education Secretary was bang to rights in court for an "abuse of power", the Defence Secretary had to apologise to front-line soldiers for sacking them by e-mail, and the Environment Secretary has been put in special measures by the Prime Minister over the forest sale fiasco.

I welcome the statement that we are about to hear following the Prime Minister's decision yesterday to take an axe to his own policy. I did say to the Leader of the House that the Government would have to change their mind. I wonder whether coalition Members feel any sympathy for the Environment Secretary, given that she has been briefed against this morning by No. 10 for a crazy policy that I suspect was foisted on her by the Treasury. There she was two weeks ago, racing ahead doing what she thought was wanted, and then last week she got nervous and started to apply the brakes. Now the Prime Minister has grabbed the steering wheel, and the sound of crunching gears can be heard all over Whitehall as reverse is engaged. At least we will be spared a new regulatory body to deal with privatised forests: presumably, it was to be called Ofcut.

May we have a debate on the latest bank bonuses? Last week the Chancellor trumpeted his bonus deal and called for an end to banker bashing. A couple of days later, the Business Secretary contradicted him—not for the first time—when he railed against the

"extraordinarily large bonuses which most people cannot understand"

as being

"offensive".

No wonder—this week we saw reports that the bonus pool at Barclays is going up. There we were thinking Project Merlin was named after a wizard: now we learn it was a bird. Presumably the Chancellor had an image of himself swooping down, talons extended, to seize offensive bonuses from the mouths of greedy bankers. Now we know that he was just dropping them off. When it comes to being tough on bankers, the Chancellor is not so much a bird of prey as a great bustard flush.

Finally, will the Communities and Local Government Secretary come and explain why he criticised local government for a 78% increase in chief executives' pay when it now turns out that this figure was actually for pay rises for chief executives in FTSE 250 companies? If the Secretary of State cannot even get the simplest facts right in his vendetta against local government, is it any wonder that local government has completely lost confidence in him?

Sir George Young: I am grateful for the right hon. Gentleman's response, although I hope that he managed to clear all his questions in advance with the Leader of the Opposition and the shadow Chancellor, as the latest leaked memo from Labour HQ has revealed is required of him and every other member of the Opposition Front-Bench team.

On the legislative consent motion, as the right hon. Gentleman said, I wrote to him and the hon. Member for Dundee East (Stewart Hosie) following our exchanges last week, and I placed a copy of the letter in the Library. It is our understanding that the Scotland Bill committee in the Scottish Parliament will publish its LCM in the week commencing 28 February. Today's business statement has provisionally allocated 7 March for day one of the Scotland Bill.

On police numbers, the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) is entitled to a reply to her named-day question. I remind the right hon. Gentleman that the former Home Secretary had said that he could give no guarantee that there would be no reduction in police numbers were Labour to be re-elected.

On youth unemployment, I remind the right hon. Gentleman that the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) said in 1995:

"Our plan is nothing less than to abolish youth unemployment."

They left government with youth unemployment 240,000 more than when they came in. So we will have no more of that.

On internships, I welcome the announcement by you, Mr Speaker, that—with support from the Commission—an internship scheme will be initiated in the House. I encourage all hon. Members to take part in it. It is right to encourage internships and to give access to internships to those from all income groups.

On bonuses, I remind the right hon. Gentleman that there was no bonus regime under his Government. Indeed, they signed a contract with one of the banks that obliged it to go on paying bonuses at market rates. It was this Government, not his, who introduced a regime and a deal with the banks. So we will have no more on that.

As the right hon. Gentleman anticipates, we will shortly have a statement on forests.

On the Secretary of State for Communities and Local Government, I understand that a press statement was put out by his Department on the matter.

It has been a challenging week for the Government, but it is the week in which we have established the big society bank, with several hundreds of millions of pounds to underpin charities. It is a week in which we have put a major constitutional reform Bill on the statute book. It is also a week in which we have published the Welfare Reform Bill, the biggest reform of the welfare state for 60 years. So the coalition Government are determined to make progress with our social, economic and constitutional reforms and we will not be deflected from that task.

Nadine Dorries (Mid Bedfordshire) (Con): May we have a debate to discuss the relationship between the Royal College of Obstetricians and Gynaecologists and the Department of Health? I ask specifically for this because two members of staff from the Department are sitting on a working group looking into the emotive issue of the care of women during abortion, and if the findings of that group are to be credible, its manner of operations should be above reproach. It is not adhering to Government guidelines on consultation, and that is causing huge concern.

Sir George Young: I understand my hon. Friend's deep concern on the subject, which she has made one of her special interests. My understanding is that the Royal College of Obstetricians and Gynaecologists is a professional body independent of Government, and it has set its own consultation periods. There is a consultation period of four weeks—as is standard for the college—and it ends tomorrow, although any responses received by 25 February will be accepted. However, I will, of course, pass on her comments to my right hon. Friend the Secretary of State for Health.

Kevin Brennan (Cardiff West) (Lab): May we have a debate on ministerial responsibility? Following the education maintenance allowance debacle, the U-turn on school sports and the Building Schools for the Future debacle, we now learn that *Building* magazine is to publish an article calling into question figures that the Education Secretary used just this week in the House about his new pilot scheme. Would it not be appropriate for him to join the Environment Secretary in special measures as a failing Minister?

Sir George Young: Certainly not. On Building Schools for the Future, my right hon. Friend the Education Secretary made a statement to the House earlier this week, and on that issue the judge agreed that my right hon. Friend behaved rationally and that his decision was not open to legal challenge on that basis. So I reject the hon. Gentleman's assertions of the criticism of my right hon. Friends in the Cabinet.

Stephen Williams (Bristol West) (LD): The Government's tobacco control strategy is at an advanced stage of preparedness and I understand that it will be published shortly. Given that smoking is still the biggest killer and cause of preventable early death, will the Government ensure such an important debate, in their time, on public health and in particular tobacco control?

Sir George Young: I commend my hon. Friend's work as chair of the all-party group on smoking and health—a group of which I used to be an active member. He is right to draw attention to the importance of making further progress on smoking, which causes some 100,000 premature deaths each year. It is right at the heart of our public health strategy. I cannot promise a debate in Government time, but there may be an opportunity at some point in the passage of the Health and Social Care Bill to debate that important aspect of public health.

Natascha Engel (North East Derbyshire) (Lab): This week, the Deputy Prime Minister published a written ministerial statement on public reading stages during Bill Committees. As the Leader of the House knows, my commitment to public engagement in the legislative process is absolute, but not at the expense of a Back Bencher's ability to scrutinise legislation and hold the Government to account. What is the evidence base for this policy? What assessment has been made of its impact on a Back Bencher's ability to scrutinise legislation? Just between these four walls, can he say what consultation the Government had with him? They certainly had no consultation with Back Benchers.

Sir George Young: I welcome the hon. Lady's commitment to the House getting more engaged in the legislative programme. It is our intention to publish more Bills in draft. We will publish more in this Session and even more in the Session that follows. The hon. Lady was a member of the Wright Committee, one of whose recommendations was that there should be more engagement between the public and the House on the legislative programme. The Deputy Prime Minister's written ministerial statement was a further step down that road towards a public reading stage. We have invited their with comments on the Protection of Freedoms Bill to log their comments on the Government website, which will then be moderated and made available to the Public Bill Committee. I hope that that will enrich and inform those who participate in Committee.

I want to engage with the hon. Lady, the Procedure Committee and the Liaison Committee before we move to the fulfilment of what is in the coalition agreement—a commitment to a proper public reading stage. I hope that at that stage the House will take ownership of the process, rather than its being led exclusively by the Government.

Andrew Stephenson (Pendle) (Con): May we have a debate on the tailored support needed to get people back into work? It is clear that only with tailored support built on individual needs, as envisaged by the Government, will we start to see people returning to work in the numbers that we all want.

Sir George Young: My hon. Friend is absolutely right. We need tailored individual support to get people back into work. Under the Work programme, to be

[Sir George Young]

introduced later in the year, we will have payment by results. Providers, whether from the independent sector or the private sector, will be remunerated when people are in sustainable, long-term employment, rather than as with previous programmes, where payment was simply to get someone off the register for six months. Sadly, over half of those people were back on benefits by the seventh month. I hope that the structure of our Work programme will have the results that my hon. Friend wants.

Barbara Keeley (Worsley and Eccles South) (Lab): The Secretary of State for Communities and Local Government was asked on the BBC "Today" programme about having debates on senior pay in council chambers, which he is insisting on, but not on senior pay in Whitehall in this Chamber. He said:

"I don't see any reason why we shouldn't have this kind of debate in the House of Commons."

We have heard that the Secretary of State gets confused about which sector he is talking about, so can the Leader of the House tell us whether he has any plans for a debate in Government time on senior pay, and will he extend it to low pay, which Opposition Members think is just as important?

Sir George Young: Of course low pay is important, but the hon. Lady's question focused on what my right hon. Friend the Secretary of State for Communities and Local Government said. As far as civil servants are concerned, Select Committees have adequate opportunity, particularly when they look at the accounts of individual Departments, to hold the Minister to account on the salaries that are paid in the Department, and it is always open to have debates on the Floor of the House about the structure of salaries in the civil service. Of course, there is a defined salary structure in the civil service, whereas there is slightly less clarity in relation to local government and the chief executives, so I do not think it is an exact parallel.

Mr William Cash (Stone) (Con): Having given reasonable time for the Committee stage of the European Union Bill, will the Leader of the House be good enough to ensure in programme motions or whatever that we have adequate time to discuss the Bill properly on Report and Third Reading in the light of any amendments that may be tabled? Perhaps he would be kind enough to have a word with me about it, too.

Sir George Young: As my hon. Friend knows, I am always ready to have a word with him. I have announced that we shall be having the final day of—I think—seven days on the European Bill. We actually added an extra day in the light of representations, and we have allocated a whole day for the final stages. I very much hope that that will be adequate.

Stewart Hosie (Dundee East) (SNP): I thank the Leader of the House for confirming in the Chamber today that the first day of the Scotland Bill Committee will not now be until 7 March, and I thank him for his letter yesterday. However, will he confirm that, given the other provisional business that he has laid out, the second day of Committee cannot be until 13 March at the earliest; that the programme agreed on 27 January still applies; and that the debates on the borrowing and fiscal powers can also therefore not commence until the second day, on 13 March at the earliest?

Sir George Young: I have announced the provisional business for the second week back. I have not got as far as the business for following weeks in March, but I will certainly take the hon. Gentleman's points on board. Of course it is a very important Bill for the Scottish Parliament, but we published the Bill in November, on St Andrew's day, and we are not dealing with the Committee stage until March—a larger than usual gap between publication and Committee. I hope that that will give the Scottish Parliament an opportunity to consider the necessary legislative consent motion. I can confirm that we are adhering to the principle that the House will have an opportunity to amend the Bill if the legislative consent motion requires any amendment.

Dr Julian Lewis (New Forest East) (Con): As I cannot without massive inconvenience to others be present for the upcoming statement on forests, may I unreservedly welcome the Prime Minister's sensible and timely initiative on that matter? Given that the Government are responding so well to the views of the public on that issue, may we have a statement from the Minister for Housing and Local Government on fluoridation in the Southampton area? A court has held that the soon-to-be-abolished strategic health authority has the legal right to proceed with fluoridation despite the opposition of three quarters of the population; nevertheless, if we are down for localism, surely the matter should be for elected local government to decide.

Sir George Young: My hon. Friend is right that the High Court rejected an application for judicial review of the decision by the South Central strategic health authority to apply fluoride to the water for his constituents, and indeed many others. It is now considering what next to do. I have some—hopefully—encouraging news for my hon. Friend. Under the reforms envisaged in the Health and Social Care Bill, the South Central strategic health authority will be abolished, and its public health responsibilities will be passed to local authorities, which will give my hon. Friend the control that he seeks. The Government are now, in the light of that court decision, working out how best to apply the regulations to take the fluoridation policy forward.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): Unconfirmed reports suggest that the Gangmasters Licensing Authority will be abolished or merged with another department. Either option would be deeply regrettable, given the good work that the authority does to protect migrant workers from exploitation and ensure that they are here legally and paying taxes and insurance. Will the Leader of the House explore the future of the Gangmasters Licensing Authority and identify the good work that it does?

Sir George Young: It does indeed do good work, and I can confirm that the Government have no plans to abolish that body.

Tessa Munt (Wells) (LD): Will the Leader of the House update us on what has happened on moving private Members' Bills away from Friday? I have written

to him on the subject, especially in light of the Sustainable Livestock Bill, which received great support from members of the public, environment groups and 172 MPs, but received fewer than 100 votes on the day that it was considered in the House. It seems a shame that MPs, particularly those outside London, should have to choose between voting on legislation that is important to their constituents and constituency commitments.

Sir George Young: I am grateful to my hon. Friend for raising the matter, and I think I have written to her on the subject. The Procedure Committee will shortly start an inquiry into the parliamentary calendar, including the problem that she outlines of private Members' Bills taking place on a Friday, and it will consider other options. We have tried to give the House certainty by agreeing, early in the Session, the dates of the 13 sitting days up to June this year. If a private Member's Bill has a lot of support, it is still possible to get it through on a Friday.

Graeme Morrice (Livingston) (Lab): May I press the Leader of the House further on the Scotland Bill? Will he confirm that its Committee stage will not commence until after the Scottish Parliament has agreed the legislative consent motion? Does he accept that, in order to scrutinise the Bill properly, it is appropriate that the express views of the Scottish Parliament are known?

Sir George Young: I understand the hon. Gentleman's interest in the Bill. As I have said, it will be perfectly possible for the Committee stage of the Bill to consider amendments in the light of the LCM. It has never been the policy of the House to put a Bill on hold while the LCM is addressed. I can, however, commit myself to giving the House the opportunity to amend the Bill in Committee after the LCM has been processed.

Mr Lee Scott (Ilford North) (Con): Will the Leader of the House ask the Minister with responsibility for the Olympic games to make a statement to the House regarding the number of contracts and subcontracts awarded to local or, indeed, British companies against foreign companies?

Sir George Young: I understand my hon. Friend's interest in the multiplier effect of work on the Olympic games. My understanding is that 12,000 workers currently work on the Olympic park and village, and that 21% of the Olympic park work force live in the five host boroughs. In addition, 330 apprentices are on site, and a large number of previously unemployed people have been placed in work through the brokerage of the Olympic Delivery Authority. I hope that my hon. Friend welcomes such an impact in his constituency and is convinced that there is local benefit.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): Has the Leader of the House yet had time to read the National Audit Office report, which raises a series of concerns about progress on the Olympics, especially around the regeneration of east London and the economic, social and sporting legacies of the Olympic games? Will he consider the possibility of a debate in Government time about how we can get those promises back on track, so that we can deliver the full potential of the Olympic games in those key areas?

Sir George Young: The short answer is no, I have not had time to look at the NAO report. In due course, that report will go to the Public Accounts Committee, which will produce its report, which would then be eligible for a debate in the House. In any event, the Government would want to respond to any PAC recommendations. That is the right way to address the important issues to which the hon. Gentleman refers.

Mr Edward Leigh (Gainsborough) (Con): With regard to the upcoming debate on the importance of MPs communicating with their constituents, has my right hon. Friend noted the remarks made last week by the chair of the Committee on Standards in Public Life, that the extreme complexity of the present MPs' expenses system was militating against family life and making it hard for MPs to do their job properly? Does he understand the increasing consensus in the House that we need to move towards a much flatter, less bureaucratic system to enable MPs to get on with their lives and support their constituents?

Sir George Young: I am grateful to my hon. Friend, not least for the work that he is doing on the liaison committee that has recently been set up. I did read Sir Christopher Kelly's submission, which reinforced points that you, Mr Speaker, I and the shadow Leader of the House had made. I hope that the Independent Parliamentary Standards Authority reflects on the strong views expressed during the review and makes proposals that are acceptable to the House.

Steve McCabe (Birmingham, Selly Oak) (Lab): Given that we have not had a statement from the Minister responsible, despite revelations of further serious security breaches at Ford open prison, may we have a debate on security in Her Majesty's prisons, or is it now the policy of the Government to equip prisoners with a freedom pass as well as a ballot paper?

Sir George Young: The short answer is that the Government have no plans to provide such a debate, but if the hon. Gentleman presents himself on a Tuesday morning to the Backbench Business Committee, he might find that he is successful in securing a debate in Back-Bench time on the important issue of security in our prisons.

Gavin Barwell (Croydon Central) (Con): On the issue of police numbers raised by the shadow Leader of the House, the Mayor of London's draft budget proposals increase investment in front-line policing, allowing the Met to recruit again, with the result that London will have more police officers in 2012 than were inherited from the previous Mayor. May we have a debate on how to deliver protection for front-line services while reducing spending?

Sir George Young: I hope that the rest of local government will note what the Mayor of London has been able to do. At a time of fiscal stringency, he has put more resources into front-line policing, and if that can be done in London, it can be done elsewhere.

Phil Wilson (Sedgefield) (Lab): May we have a debate on the inability of Ministers to make decisions? The north-east of England has been waiting since July last

[Phil Wilson]

year for a decision on the intercity express programme, which, if it goes ahead, will create 800 jobs in my constituency and 1,000 jobs in the supply chain. In November, the Secretary of State for Transport stated that we would have a decision in the new year. When the House returns, it will be the beginning of March. When can we expect a decision?

Sir George Young: There will be an opportunity on 10 March for the hon. Gentleman to put that question to my right hon. Friend the Secretary of State for Transport. In the meantime, I will raise the issue with him, and see whether we can get an answer before that.

Brandon Lewis (Great Yarmouth) (Con): May we have a debate on the Government's Work programme, so that everyone in the House can better understand why the 5 million-odd people who have been trapped on benefits for the best part of a decade will be better off under this Government's approach than under Labour's approach, which simply did not work?

Sir George Young: Under Labour, roughly 1.5 million people spent most of the last decade on out-of-work benefits, and that benefit system cost every working family some £3,000. The Work programme will focus on encouraging people to get into work and reforming the welfare system, and it will have much better results than the programmes that preceded it.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Earlier this week, Dave Morgan, a 75-year-old man, was seriously injured in my constituency after heroically dragging an out-of-control illegal dog away from an eight-year-old boy it was attempting to savage. Yesterday, a young person had a dog set on him in Picton, also in my constituency, in front of his youth workers. The Department for Environment, Food and Rural Affairs' consultation on dangerous dogs ended eight months ago, and the Government have so far done nothing. May we please have an urgent debate on the performance of the Secretary of State for Environment, Food and Rural Affairs, and the complacent attitude of her Ministers on this matter?

Sir George Young: I was sorry to hear of the incident in the hon. Lady's constituency. I will contact my right hon. Friend the Secretary of State and see when she plans to respond to the consultation exercise. Of course, I understand the urgency of making progress.

Greg Mulholland (Leeds North West) (LD): The recently published ombudsman's report, which revealed a worryingly unacceptable level of neglect of older people in the NHS in 2009-10, shows that such problems continue. May we have a statement from a Department of Health Minister on what the Government are doing to tackle this serious issue?

Sir George Young: The whole House would have been dismayed by the 10 incidents, to which the health ombudsman referred in her recent report, showing neglect of elderly people. It would be wrong to generalise, because high-quality care is provided in much of the NHS, but the instances of poor discharge policy, poor end-of-life policy and poor nutrition policy were deeply worrying. I hope that some of the reforms in the Health and Social Care Bill will improve the position, not least through the creation of local healthwatch organisations to give patients more power to ensure that there is feedback, that complaints are heard and that local services are held properly to account.

Steve Rotheram (Liverpool, Walton) (Lab): Will the Leader of the House grant an urgent debate on Liverpool's local government settlement from central Government, given the misleading statistics about funding levels used—inadvertently I am sure—by both the Prime Minister and the Minister for Housing in recent weeks?

Sir George Young: We have debated the local government settlement within the last fortnight, and that would have been the opportunity for the hon. Gentleman to raise the grievance to which he refers. I am afraid he will have to wait another year before that opportunity comes round again.

Kris Hopkins (Keighley) (Con): The Leader of the House will be aware of a Channel 4 programme that went out last Monday evening, showing several children from my constituency being kicked and beaten in a mosque. Will he ask the relevant Secretary of State to make a statement on how we can protect children who attend mosques and madrassahs, and how we can support members of the community who are afraid to complain to the police about what has happened?

Sir George Young: I understand the concern arising from the "Dispatches" programme, which included such comments as men should be trusted only if they had substantial tufts of hair on their face. It would be appropriate for my hon. Friend to refer to the police any allegations of abuse or harm to children. All school inspections are carried out by trained and qualified inspectors, and he might like to raise the incidents in his constituency with the appropriate inspectors.

Paul Flynn (Newport West) (Lab): May we debate the extraordinary and anachronistic Advisory Committee on Business Appointments? It is made up of five lords and two knights, almost all of whom have business appointments themselves. It cannot be a watchdog because it never follows up its recommendations. Is it not about time we reformed this establishment pussy-cat that just looks after the establishment?

Sir George Young: I understand that the hon. Gentleman is referring to the body that gives advice to ex-Ministers as to whether it is appropriate for them to take on employment. It is important that that job is done. I have no particular view on why it cannot be done appropriately by five lords or two knights; the important thing is to have the right people to do the job. It may be that the right people to do that job have the adornments to their names that the hon. Gentleman has just mentioned.

Bob Blackman (Harrow East) (Con): As a coalition Government, we are committed to making sure that money is spent in the national health service on the front line. Two weeks ago I mentioned two trusts that were consulting about merging; I now understand that that will take three years and cost £1.5 million. Now I

highlight what is going on with the Care Quality Commission and dentists throughout the country, who are required to print and display 75 individual policies in their surgeries, totally unnecessarily.

Sir George Young: Dentists in my own constituency are complaining about the approach of the Care Quality Commission. If my hon. Friend would like to approach the Backbench Business Committee, it might feel it appropriate to arrange a debate. I shall raise the issue of the mergers of NHS trusts in my hon. Friend's constituency with my right hon. Friend the Secretary of State for Health.

Diana Johnson (Kingston upon Hull North) (Lab): Given the doubts expressed today by health experts about the Government's minimum alcohol pricing policy, may we have a debate on what the policy will actually mean, and whether it is anything other than a fig leaf for big commercial interests?

Sir George Young: We have not announced the details of that policy, but this is the first time that a Government will have a policy on minimum alcohol pricing, linked to the related policy for a special tax on high-strength drinks. The Budget may be the appropriate time for a debate on those issues.

Andrew Bridgen (North West Leicestershire) (Con): May we have a debate about spending so that we can contrast the coalition Government's policies and plans for the economy with those of the shadow Chancellor, who asserts that we should be spending a lot more money that we do not have? The policy of spend, spend, spend is what got us into this mess in the first place.

Sir George Young: My hon. Friend is right. The spending reductions that we are planning for next year, of some £16 billion, are only £2 billion more than the figure pencilled in by the outgoing Chancellor of the Exchequer.

Geraint Davies (Swansea West) (Lab/Co-op): There is growing concern about the future of Remploy factories, which provide supported jobs for people with disabilities. Will the Leader of the House consider an urgent debate on ensuring that all public bodies include Remploy in their procurement policies for office furniture and other products, to support workers with disabilities and provide a level playing field for trade?

Sir George Young: I understand the hon. Gentleman's concern. The matter was raised at business questions last week, and I wrote to one of his hon. Friends about Remploy. I should like to send him the same letter. The Government have maintained support of some £555 million to Remploy to help it through the five-year modernisation programme, but I should like to write to the hon. Gentleman about the particular issue that he raised concerning public sector procurement.

Mr Andrew Turner (Isle of Wight) (Con): Tomorrow is Go Orange day on the Isle of Wight—a celebration of three independent lifeboats and the fundraising efforts to keep them afloat. Each service costs more than £25,000 a year. Will the Leader of the House join me in thanking the brave men and women who man the service, and in sending them good wishes for the success of Go Orange day?

Sir George Young: I welcome my hon. Friend's initiative at business questions in giving the service the publicity to which it is entitled. The whole House will endorse the good wishes that he has just mentioned.

Julie Hilling (Bolton West) (Lab): This week Oxfordshire joined the growing list of local authorities that are closing their youth services completely. In view of the gravity of the situation, and as there is a statutory duty to provide youth work, may we have an urgent debate in the Chamber on the issue?

Sir George Young: Again, I say to the hon. Lady that there was an opportunity to debate the situation two weeks ago when we discussed the revenue support grant. Those decisions have now been taken. I will draw her concern to the attention of my right hon. Friend the Secretary of State for Communities and Local Government and ask him to write to her.

Chris White (Warwick and Leamington) (Con): In my constituency the video games industry is a major employer, but recently there have been reports about potential job losses. That is a particularly worrying development given the importance of the creative industries to our economic recovery. Will the Leader of the House provide Government time for a debate on how we can best support our creative industries, such as video games, to boost exports and create new jobs?

Sir George Young: My hon. Friend is right; we need a stake in the digital and creative industries, and we have many market leaders in this country. I cannot promise a debate, but I will draw his remarks to the attention of both the Chancellor of the Exchequer as he prepares his Budget, and my right hon. Friend the Secretary of State for Business, Innovation and Skills.

Forestry (England)

12.37 pm

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): I would first like to say that I take full responsibility for the situation that brings me to the House today. Let me make it clear that we have always placed the highest priority on preserving access and protecting our forests, but the forestry clauses in the Public Bodies Bill, published well before we launched the consultation, gave the wrong impression of the Government's intentions. That is why I am today announcing three steps that will allow for more measured and rational debate about the future direction of forestry policy.

First, I have taken a decision to end the consultation on the future of the public forest estate, and I take full responsibility for that. I am doing so because it is clear from the early responses to the consultation that the public, and many hon. Members, are not happy with the proposals that we set out. Secondly, the Government will support the removal of the forestry clauses from the Public Bodies Bill, which is in Committee in the other place.

Thirdly, I would like to announce to the House that I am establishing an independent panel to consider forestry policy in England. It will report to me with its findings in the autumn. The panel will advise me on the future direction of forestry and woodland policy in England, and on the role of the Forestry Commission and the public forest estate. The panel will include representatives of key environmental and access organisations, alongside representatives of the forestry industry. I will shortly publish its membership and terms of reference.

If there is one clear message from this experience, it is that people cherish their forests and woodlands and the benefits that they bring. My first priority throughout this period of debate has been securing a sustainable future for our woodlands and forests. On many occasions in the House last autumn, Ministers gave assurances that our aim in all of this has been to do more to maintain and enhance the public benefits delivered by forestry—from recreational access to wildlife protection, and from tackling climate change to sustaining a wide range of small businesses. That is why my ambition to provide a better future for our forests is undiminished.

We have already heard positive suggestions about how we can do that for heritage forests and all other woodlands. We have spoken to the Royal Society for the Protection of Birds, the National Trust, the Woodland Trust, the wildlife trusts, the Ramblers Association and other groups. The Forestry Commission has itself acknowledged that change is needed, and will be fully engaged in the process, as I know that it has many ideas to contribute. We have also been listening to hon. Members on both sides of the House, many of whom have set up their own initiatives and local groups. We want to support them in that.

Finally, I am sorry, we got this one wrong—but we have listened to people's concerns. I thank colleagues for their support through what has been a very difficult issue. I now want to move forward in step with the public. I hope that the measures that I have announced today, signalling a fresh approach, demonstrate my intention to do the right thing for our forests and our woodlands.

Mary Creagh (Wakefield) (Lab): I welcome the Secretary of State's full and frank apology to the House and to the nation for getting this so very wrong. I am sure that the past 48 hours have not been easy for her.

Last night the Government announced that they would withdraw the forestry clauses from the Public Bodies Bill, which is now in the other place, and scrap the consultation on the sell-off of England's forests. Again, MPs heard about a major Government U-turn on the television, rather than hearing it here first. [Hon. Members: "No!"] It came through on BBC News and Sky at 10.20. Can the Secretary of State tell the House when she was informed of the decision that she is now announcing, as her statement is mysteriously absent from the Order Paper today? Only yesterday the Prime Minister told the House that the consultation on the forests, set to run until April, would continue. When was the decision made, and who made it?

Today the air is filled with the sound of chickens coming home to roost. The Secretary of State has discovered that her first priority—delivering the 30% cut that she inflicted on her Department—has a hefty political price attached. Half a million people have marched, mountain-biked and petitioned against her sale of the century. They objected to the once-in-a-lifetime offer to buy something that they already collectively own. Under the cloak of reducing the deficit, she came up with a policy that her own Department admitted would cost more than it delivered in benefits, and which would have fragmented the environmental stewardship of England's forests. I congratulate all hon. Members who defied their party Whips a couple of weeks ago to vote against the sell-off, and I remind those who did not that the public may well extract a hefty price from them at the next election.

Today is not a victory for politics as usual: it is a victory for Liz Searle of the Friends of Chopwell Wood, whom I met in Gateshead two weeks ago, for the Save Cannock Chase campaigners, and for the Friends of Dalby Forest, members of which I met in York last weekend. It is a victory for the Save Our Woods campaign, for Alan Robertson from the Hands Off Our Forest campaign in the Forest of Dean, and for thousands of others. I hope that Government Members are listening to those names and will contact those campaigners. They signed the Save Our Forests petition and the Save England's Forests petition, and supported the silent majority in speaking up and telling the Government, "This land is our land".

Last Friday the Secretary of State announced that her sale of 15% of England's forest permitted under the law as it stands would be put on hold until the consultation ended. The consultation ended last night—we assume by prime ministerial decree. Will the sale of those 40,000 hectares, or 100,000 acres—10 times more than the Labour Government sold during their entire 13 years, and we then reinvested the money—now go ahead, or will that sale await the outcome of the panel's deliberations? How many consultation responses has she received, and will the panel consider those responses?

I am delighted that the Secretary of State has finally spoken to the environmental charities and listened to

them on the matter. How will the freshly dreamed-up independent panel on the forests be selected? Why are representatives of the forestry industry—the lone voice in favour of her proposals—included in the panel, and why will it meet in secret? Should it not tour the country listening to what people want from their forests and showing a little humility on the subject? Can she reassure the public that foresters themselves, the custodians of forests, will be represented on the panel? How will the campaigners and the members of the public who have spoken up on the issue be represented? What is the status of DEFRA's forestry regulation—or should I say deregulation—taskforce, which was quietly announced by her colleague in January? Surely we should not have two separate advisory panels, running in tandem, on the future of the forests? Can she tell the House how the Forestry Commission can possibly deliver better access and more biodiversity when it is set to lose a quarter of its staff in the next three months?

This U-turn highlights a wider problem about how this Government work. We have the Prime Minister, a self-styled non-executive chairman, now setting up a unit to monitor Ministers, but he is barking up the wrong tree. It is not individual Departments he should be putting into special measures, but the whole Government, who are out of touch with what people care about, whether that is the opportunity to walk in the forests or to ensure that babies get milk and books, or that our children have the chance to go to university.

I congratulate the Environment Secretary on one thing: she is probably the only Cabinet Minister in living memory to unite the Socialist Workers party and the National Trust in opposition to her plans. Will she learn the lessons of this debacle? She cannot ride roughshod over the people on a policy for which she has no mandate. By offering her 30% cut across DEFRA she has set herself on a collision course with anybody who loves the countryside—and if she will not stand up for the countryside, we on the Labour Benches most certainly will.

Mrs Spelman: As I am sure you, Mr Speaker, and the House are aware, I volunteered to make an oral statement, and an oral statement does not appear on the Order Paper.

I made the decision with the Prime Minister. We have spoken about the matter, as the hon. Lady would expect, on a number of occasions. We spoke face to face about the options open to us, and we made the decision together.

The hon. Lady talks about the savings that I have had to make in my Department without a trace of acknowledgement that the reason Government Departments are having to make savings is the mess that her Government left this country in. I do not accept her argument that the proposals outlined in the consultation would have impacted adversely on the stewardship of our woodlands and forests. Since we are on the subject of stewardship, I remind her that, notwithstanding the savings that we have had to make in our Department, we have protected the expenditure on stewardship, precisely because we know that it is so important.

The many friends of forests that the hon. Lady listed will in many cases have written to hon. Members on both sides of the House to express their concern about their understanding of the forestry clauses in the Public Bodies Bill. In their minds, those clauses gave rise to a concern that their particular dearly loved forest might in some way be under threat. It is clear from my statement that, with the withdrawal of the forestry clauses, there can be no question about the protection of their forests in future.

The hon. Lady asked me about the planned sales. They have been suspended, and we await the outcome from the panel. She asked how many responses we had received. The Forestry Commission has received approximately 7,000 direct responses and 2,500 e-mails, and it has sent out 400 hard copies of the consultation document.

With regard to the composition of the panel, it will represent the broad range of views of all those who share with all of us a love and cherishing of the forests, and want to see them protected. It will be broad. Let me help the hon. Lady with her understanding of the deregulation taskforce, which fulfils a completely different function from that of the panel. We have invited Mr Richard Macdonald to advise Ministers on the simplification of regulation, particularly the regulation of agriculture. The consultation is complete: we have received the responses and we await Mr Macdonald's report. As I said, this is a completely different function from that of the panel that I have announced today.

I found it quite hard to take the hon. Lady's comments about the support that the previous Labour Government had given to the countryside—and the reaction of Members to those comments was enough to reinforce that point. Finally, as regards humility—perhaps, ultimately, that is the difference between her and me. I am prepared to come here and show genuine humility. If we heard some acknowledgement from the hon. Lady that her Government sold off forests with inadequate protection, we might begin to take what she had to say more seriously.

Andrew George (St Ives) (LD): The Secretary of State is, of course, right in the reassurances that she gave about the Public Bodies Bill, and I certainly welcome the statement she made last week about the 40,000 hectares, as previously announced in the comprehensive spending review. Will she reassure us that the well-constructed questions posed in the consultation will not simply be lost, or submerged by what has been announced today?

Mrs Spelman: Yes, I can give that assurance. Those were perfectly reasonable questions to ask, and I would expect members of the independent panel to look at all the questions raised in the consultation document—and, indeed, at some additional wider questions that members of the public asked to be considered.

Several hon. Members *rose—*

Mr Speaker: Order. May I gently remind the House that Members who came into the Chamber after the Secretary of State had started to deliver her statement should not expect to be called?

Mr David Winnick (Walsall North) (Lab): If there is any personal sympathy for the Secretary of State today, it is because she has been publicly humiliated by the Prime Minister and the Chancellor. Can she bring herself to congratulate the many people up and down

[Mr David Winnick]

the country, certainly including my constituents, who fought and campaigned so hard against the selling off of one of our most precious national assets?

Mrs Spelman: As I have said, I have no difficulty in life in being frank when I have got something wrong; I have come to the House and said as much. As regards the many people up and down the country whose love for their forests is quite apparent from the responses I received, I would like to reassure them that it was never the Government's intention to sell off the forests to the highest bidder—*[Interruption.]* That was never in our minds.

Mr Roger Gale (North Thanet) (Con): The statutory protection of right of access for walkers and riders, the statutory protection of the environment and the national habitat and the long-term securing of our natural woodlands were all contained in my right hon. Friend's proposals, but none of them was put forward either by Her Majesty's Opposition or—dare one say it?—by the push-button campaigners. Those protections need to be hung on to. My right hon. Friend was not wrong; she was right. Will she make certain that this Government protect our forests for the future, as the Opposition, when they were in government, never did?

Mrs Spelman: Of course, I am happy to give that undertaking. It is important to remember that a number of statutory protections—governing access, rights of way, wildlife protection, planning, the care of our woodlands and felling—are already in place. In addition to all that, we Ministers have made it clear on a number of occasions that we want to increase protection for access and other public benefits, because it is apparent from the sales made by the previous Administration that parts of that are not adequate.

Mr Kevan Jones (North Durham) (Lab): I welcome the decision to pulp this policy. The Secretary of State's attitude towards the House today seems to be that nanny has been misunderstood, and that if people had understood Government policy better they might have embraced it. Let me tell her, on the basis of experience in my constituency, that that is not the case. How will the right hon. Lady ensure that the millions of people who wrote to their MPs and marched against the policy will have their voices heard on the independent panel?

Mrs Spelman: I thought that I made it perfectly clear, and said quite straightforwardly to the House, that in this case we got it wrong; we listened, and we are going to take a fresh approach.

Neil Parish (Tiverton and Honiton) (Con): I very much welcome the Secretary of State's response, because I think we can now be very positive about this, and think about how we manage the forests, how the Forestry Commission can help the smaller forests and how we can get greater public access and biodiversity in them.

Mrs Spelman: I thank my hon. Friend for that observation. It is encouraging that the Forestry Commission agrees that reform is needed, and that we together should have the ambition to do better for our forests and woodlands and to enhance and protect their biodiversity.

Mr Ben Bradshaw (Exeter) (Lab): Did the Prime Minister offer to come and give the Secretary of State his support in executing this humiliating U-turn? As my hon. Friend the Member for Wakefield (Mary Creagh) said, the real problem is that we have a Prime Minister who almost prides himself in not knowing what is going on in Government Departments, and likes to float above everything as a non-executive chairman. It is he who needs to get a grip, not just the Secretary of State.

Mrs Spelman: Well, that might have been the right hon. Gentleman's experience of the previous Prime Minister, but I have spoken to the Prime Minister on a number of occasions over the last few weeks, as it was quite apparent that we were having difficulty with the consultation. I have been very grateful for his support.

Bob Russell (Colchester) (LD): I thank the Secretary of State for her pragmatic approach. I seek her assurance that there will be an attempt to achieve not only political consensus but a consensus across the country, in the hope that we can go forward with a better scheme—in sharp contrast, it has to be said, with the sales by stealth made by the Labour Government, whose financial policy appears to be that money grows on trees.

Mrs Spelman: I thank the hon. Gentleman for his observation, and his wonderful turn of phrase. He is, of course, absolutely right that this is a difficult issue, as previous Administrations have found. I am encouraged to think that the amount of interest generated in constituencies will encourage Members on both sides of the House to participate in this fresh approach to finding the best future for our woodlands and forests.

Caroline Lucas (Brighton, Pavilion) (Green): On behalf of the many hundreds of constituents in Brighton, Pavilion who wrote to me in opposition to the forest sell-off, I warmly welcome this U-turn. May I press the Secretary of State on the question of the independent panel? How, precisely, will it include the voices of those inspirational grass-roots movements that led the campaign against the forest sell-off? Will she guarantee that its meetings will be held in public?

Mrs Spelman: I hope that the hon. Lady will have heard in my statement what I said about the helpful contributions of the large grass-roots campaigning organisations to debate on this subject. I am quite sure that they will be part of the wide group that we will draw in on our independent panel.

Mr Desmond Swayne (New Forest West) (Con): I welcome the statement, and I do so also on behalf of my hon. Friend the Member for New Forest East (Dr Lewis), who as you know, Mr Speaker, is detained elsewhere. *[Interruption.]* On the business of the House, Mr Speaker!

Mr Speaker: I am greatly reassured by what the hon. Gentleman has just said.

Mr Swayne: Does my right hon. Friend agree that the course she has set is much more likely to ensure that some of the opportunities inherent in her proposals for the New Forest will be brought forward and implemented than would have been the case under the previous

means of consulting the House? May I also say to you, Mr Speaker, that I am surprised and shocked by the singular lack of grace shown by some hon. Members?

Mrs Spelman: I would certainly like to give my hon. Friend that assurance, and the vehicle of an independent panel representing a wide range of views to advise Ministers is, as he suggests, likely to produce a better outcome.

Barry Gardiner (Brent North) (Lab): I welcome the Secretary of State's apology to the House for this debacle, and the spirit in which it was given. Will she explain the situation in respect of the receipts that were anticipated from the sale of up to 15% of the land? Will she also reassure the House that in considering how to proceed with the English forest estate, she will pay particular attention to the green infrastructure of land around cities and the climate change connectivity necessary to extend forests into such areas so that the effects of climate change are mitigated?

Mrs Spelman: There are quite a few dimensions to that question. As the permanent secretary said when she and I were interviewed by the Environment, Food and Rural Affairs Committee in the autumn, she would have regarded any revenue from the planned sale of 15% of the land as a bonus, because she could not be sure about that. Now that those sales have been suspended, the situation depends on the outcome from the panel, but our Department's spending plans are not affected by the change.

It is clear that extra woodland cover in proximity to urban areas has a greatly beneficial effect, and the Government have an ambition to plant 1 million trees, which I hope will also enhance biodiversity.

Nick Boles (Grantham and Stamford) (Con): The Secretary of State has had the honesty and guts to come here to say that she presented ideas to the British public, but the British public did not much like them, so she said sorry and came up with a new approach. Is it not instructive that that is in such amazing contrast to the behaviour of that lot on the Opposition Benches who, no matter how many acres of woodland they sold and no matter how much gold they sold and at what price, nevertheless ran our economy into the ditch, from which we are trying to dig it out?

Mrs Spelman: My hon. Friend is absolutely right. As part of restoring trust in politics, it is important that the electorate see that the Government will listen. It is also very important in our new politics to be transparent, and I agree that had the previous Government consulted and been transparent about the terms and conditions of the sale of the public forest estate, it might have greatly helped the understanding of this issue.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Is not this humiliating climbdown—[HON. MEMBERS: "Oh!"] Oh yes, you all voted for it; every one of you. Is not this humiliating climbdown a tribute to the anger of huge numbers of people, including large numbers of my own constituents, who said they would not have this? Is it not deplorable that the right hon. Lady has been made to stand in the corner with a dunce's cap on her head by a Cabinet that two weeks ago drummed the whole lot of them on the Government Benches—Liberal Democrats and Tories—to vote for the opposite of what she is saying now?

Mrs Spelman: It is only humiliating if we are afraid to say sorry, and one of the things we teach our children is to be honest. It is not a question of humiliation; it is my choice.

Karen Bradley (Staffordshire Moorlands) (Con): When the Labour party was in office, were any consultations held in which the views of the public were actually listened to?

Mrs Spelman: The one that comes to mind is the Post Office consultation, which we all remember really was a sham.

Bridget Phillipson (Houghton and Sunderland South) (Lab): A huge number of my constituents have written to me in the strongest possible terms on this important issue. Will the Secretary of State set out clearly and fully how they can make their views known in public directly to the panel?

Mrs Spelman: I think the hon. Lady will know from the e-mails she has received that the fears of many of our constituents were raised by their understanding of the forestry clauses in the Public Bodies Bill, and one of the things she can do is write to her constituents to explain that those clauses have now been removed. The Department always responds to all correspondence directed to it, and the hon. Lady has more than one vehicle to suggest by which the public can engage with us on the way forward in forestry and woodland policy in this country.

Andrew Percy (Brigg and Goole) (Con): I welcome the statement, and its tone certainly contrasted with the somewhat ungracious response from the Opposition Front Bench; we got no apology for the 25,000 acres they flogged off. The concern in my constituency generally relates to private forests and the public protections we need to ensure we continue to have a benefit. Will the independent panel and the review continue to look at the protections for private forests as well as the public estate?

Mrs Spelman: I can give my hon. Friend that assurance. The public forest estate accounts for 18% of woodland cover in this country, so the vast majority of forest and woodland is in private ownership, and part of the point of moving to a fresh approach with an independent panel and widening the range of questions under consideration is to look at forestry policy and woodland policy in general.

Joan Walley (Stoke-on-Trent North) (Lab): I welcome the Secretary of State's climbdown on behalf of the constituents who have expressed anger and disbelief to me about what is happening, but given both that the Government have said this is meant to be the greenest Government ever and that they have got rid of the Sustainable Development Commission, is it not about time that what has happened to this policy does not happen in all the other areas of biodiversity? Is it not time that the Government set out how they are going to embed sustainable development in all future policy in both urban and rural areas?

Mrs Spelman: The hon. Lady is Chairman of the Environmental Audit Committee and I respect that, but I encourage her to look at the Government's first nine months in the round. In that period, my Department has had the success of concluding a multilateral agreement on biodiversity, as well as making sure we have a ban in place on commercial whaling, and protecting and enhancing biodiversity through maintaining the environmental stewardship scheme, to name but three measures to put in the balance. Later this spring, a natural environment White Paper will be published as well, of course.

Sir Peter Bottomley (Worthing West) (Con): I gave a ministerial answer once saying, "I'm sorry, I made a mistake." That was not duplicated once during the 13 years of the Labour Government. Will the Secretary of State consult Felix Dennis and the Tree Council about voluntary planting, and will she also allow me to say that many of the messages on this got caught in spam filters, so many of the 500,000 people who sent e-mails may not have received a reply?

Mrs Spelman: My hon. Friend is living proof that it is perfectly possible to say sorry and continue to provide a very valuable service in this House. The point he makes shows why humility is a good quality in a politician.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I thank the Secretary of State for changing her mind; it is a relief she has done so. May I also ask her to seize the opportunity, because what she tried to do has brought to light a passion for our woodlands and forests that many of us did not realise was so great? As chairman of the John Clare Trust, I appeal to her to use it. Forests are wonderful, and natural forests are even better, but we have got to get children and families to visit forests. The likelihood of a child visiting any green space has halved in a generation, so will she also consider how we can expand forests and get people to use them?

Mrs Spelman: That is a constructive suggestion, which I am sure the panel will take forward. Many non-governmental organisations and green groups have spoken to us about the opportunity such a panel presents to deal with some of the issues that beset our forests and woodlands, and to address their own aspirations to do better by them.

Robert Halfon (Harlow) (Con): Will my right hon. Friend confirm that we definitely will not be pursuing the policies of the previous Government, such as selling 25,000 hectares of forest without any access granted? Will she also confirm that the thrust of Government policy will be to transfer forests to communities so that they can own them via co-operatives or other community bodies?

Mrs Spelman: Ministers have on numerous occasions given reassurances to the House that we would not proceed with those planned sales without better protection being in place. I am sure the independent panel will look at the genuine interest from community and local groups in being more involved in the management and ownership of their local forests. There are many examples of communities that have successfully provided a safe future for the woodlands and forests near where they live.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Will the right hon. Lady please explain to my constituents why she has wasted so much of her time scurrying between TV and radio stations, desperately trying to defend selling off our forests before having to make an embarrassing U-turn today, when she could have been taking action to tackle urgent issues such as dangerous dogs?

Mrs Spelman: I have not been anywhere near a TV or radio station all day because I understand the primacy of Parliament. It is important to come here first and make a statement. Naturally, as a Minister, in addition to dealing with the issue of forests, I have a large number of matters with which the Department is dealing. We always ensure that they are not compromised or affected by anything that we may be dealing with at one point in time.

Tessa Munt (Wells) (LD): I welcome the Secretary of State's announcement today, and I regret the lack of clarity on access for the public and on the protection for biodiversity and landscape. I do not understand why we are cancelling a consultation when the new panel will need to hear and make its decision by autumn. It might be more logical to continue with the consultation for the remaining ten and a half weeks so that the public can continue to add their views to the current process.

Mrs Spelman: It is clear from the early responses that members of the public are responding in many cases to what they have read in the press or what they have heard, rather than necessarily understanding the policy. Many of the responses were received before the publication of the policy on 27 January. Looking at those early responses, it is difficult for Ministers to proceed with the consultation as it is. None the less, all those responses and the questions contained in the consultation will be part of the work that the independent panel will review.

Paul Blomfield (Sheffield Central) (Lab): Will the Secretary of State clarify what the impact of this welcome U-turn will be on the Forestry Commission's plans to cut 400 jobs across the country?

Mrs Spelman: I can explain to the hon. Gentleman that the Forestry Commission's plans to make savings in line with the savings that my Department and other Government Departments must make have no connection at all to the consultation or the setting up of an independent panel. Savings are necessary because we have to fill a hole in the nation's finances that was left behind by the Government of whose party he is a member.

Mr Mark Spencer (Sherwood) (Con): May I put on record my thanks to the Secretary of State for listening to me and my constituents over the past month, and may I encourage her not to listen to the Opposition, who sold off woodland greater in area than the city of Nottingham during their term in office? I wonder whether this is an opportunity to increase the biodiversity of woodlands such as Sherwood in Nottinghamshire, by increasing the number of broadleaf trees and oaks rather than the coniferous woodland that exists at present.

Mrs Spelman: Yes, I can give my hon. Friend that assurance. I thank him for his positive approach. There certainly is an opportunity to improve and enhance

biodiversity. Non-governmental organisations such as the Woodland Trust have expressed a desire to increase the rate of restoring plantations on ancient woodland sites, and the Royal Society for the Protection of Birds is keen to look at the restoration of heathlands. That is precisely the opportunity that this fresh approach affords.

Steve McCabe (Birmingham, Selly Oak) (Lab): I am not sure that it is ever wrong to terminate a failed policy, but given the sudden and abrupt end to the right hon. Lady's plans, will she tell us how much public money has been wasted on this fiasco so far?

Mrs Spelman: The advantage of modern technology is that documents such as consultation documents are now largely viewable online, so in the figures that I gave about the number of responses that we had received and the number of hard copies dispatched, the hon. Gentleman will be able to see that the public expenditure is minimal.

Caroline Nokes (Romsey and Southampton North) (Con): I thank and commend the Secretary of State for her bravery and honesty on this subject. What has emerged from the woodwork is not just thousands of constituent e-mails, but a significant number of eminent academics and professors with knowledge of the subject. How can they feed in their views to the expert panel?

Mrs Spelman: I can assure my hon. Friend that honesty is always the best policy. That is what I always try to teach my children. The interest in the subject has produced very good suggestions from scientists and academics about ways in which we can improve biodiversity and the protection that currently exists for woodlands and forests. They, too, will have the opportunity to feed in to the panel through the Department or directly to the representatives on the panel.

John Woodcock (Barrow and Furness) (Lab/Co-op): Will the Secretary of State take the opportunity to dissociate herself from the disgraceful comments from the hon. Member for North Thanet (Mr Gale), who is no longer in his place, that the many thousands of people who were roused to anger by the proposals were push-button campaigners?

Mrs Spelman: I am unaware of those remarks and not in a position to comment. The hon. Gentleman has heard from me that I entirely respect the passion that people in our country have for their woodlands and forests—a passion that I share and applaud. I want to make sure that it is responded to by creating the best possible future for our forests and woodlands.

Roger Williams (Brecon and Radnorshire) (LD): I am a member of a partnership that is in receipt of farm woodland grants to promote public goods such as access and biodiversity—but in Wales, not in England, which is the subject of the statement? I am very pleased that the Secretary of State has broadened the consultation to cover private forestry and woodland, which, when well managed, can deliver both commercially and in terms of public goods. How does she intend to recruit people to represent this part of the industry, or is she looking for volunteers?

Mrs Spelman: I am always interested in volunteers. We are looking particularly for those who have a good understanding of the issues involved in the management of forests and woodland. I have named before the House a number of green groups that have a long heritage of protection of our environment, but it is important that we have representatives of the private forest estates, so if the hon. Gentleman has suggestions he should let me have them.

Mr David Anderson (Blaydon) (Lab): I am sorry that the Chancellor has gone, because I wanted to thank him as well as the Secretary of State for the great boost they have given to Blaydon Labour party over the past few weeks during this fiasco. I thank my hon. Friend the Member for Wakefield (Mary Creagh) for mentioning the great work that is being done by the people fighting to save Chopwell woods. My message to them is, "Don't stop fighting." What has happened today is not the end of the story. I want to ask the Secretary of State one specific question. Will there be a representative of the work force on the independent panel? They know what is going on.

Mrs Spelman: As I said clearly, the representation on the independent panel will be broad, with as wide a range of views as possible of those who have an interest in our forests and woodlands.

Dr Thérèse Coffey (Suffolk Coastal) (Con): My right hon. Friend is aware that I have three forests in my constituency—Rendlesham, Dunwich and Tunstall—and I held a public meeting last Friday. People there will welcome the announcement that she has made today, particularly those who are concerned about access. I am encouraging those people to join bodies such as the Suffolk Wildlife Trust and Friends of Sandlings Forest, but a particular point came up about access. Horse riders, carriage drivers and cyclists are slightly concerned that some of the organisations that my right hon. Friend mentions are closing access now, supposedly to protect biodiversity, wildlife and so on. Will she bring that to the attention of the panel when it meets?

Mrs Spelman: I would be delighted to bring those concerns to the panel. I know that my hon. Friend has met large numbers of people in her constituency and approached the whole issue with great diligence. I think she would therefore acknowledge that there are some important questions to resolve, and tensions between different access groups. This is precisely one of the aspects that I will ask the independent panel to look at.

Kevin Brennan (Cardiff West) (Lab): I congratulate the Secretary of State on at least resolving a centuries-old philosophical problem—namely, if a tree falls in the forest and one takes one's eye off it, it does make a noise. It makes a noise sufficiently loud to be heard right across the country and to expose the lack of grip that the Prime Minister has on his Government's policies.

Mrs Spelman: I do not think that there was a question at the heart of that. The whole point of my statement was to make it abundantly clear that we are a Government who listen and, having listened, are prepared to take the right action.

Greg Mulholland (Leeds North West) (LD): I take it that the shadow Secretary of State has a commitment to recycling, given the way she shamelessly plagiarised the joke by my hon. Friend the Member for Westmorland and Lonsdale (Tim Farron), the president of the Liberal Democrats. I praise the Secretary of State for her honesty and courage, which the public want to see more of in our politicians. I am proud to be part of a Government who listen to people, unlike the previous Government. I ask that, as we go forward, we do not lose some of the positive proposals, particularly those on real, long-term protection for our important heritage forests.

Mrs Spelman: I can give the hon. Gentleman that assurance. In the normal sequence of events, the independent panel would give advice to Ministers, and if Ministers judged it to be correct we would then proceed with a consultation White Paper, which might give rise to legislation if changes in the law were required to provide the extra protection.

Sheila Gilmore (Edinburgh East) (Lab): I genuinely welcome the Government's response. One of the plagues of politics is that it can sometimes be very difficult to back down and admit that something was wrong. I urge the Secretary of State, having reprieved vulnerable trees, to urge some of her colleagues to reprieve vulnerable people who will be subject to benefit cuts.

Mrs Spelman: I thank the hon. Lady for the good spirit with which she received my statement to the House, but I am sure that she will understand that the protection of vulnerable people in other regards is outwith my Department's responsibilities.

David Morris (Morecambe and Lunesdale) (Con): I congratulate the Secretary of State on this decision and thank her on behalf of the 1,000 constituents who e-mailed me requesting a review. May I also make her aware of the fact that the Opposition, when in government, sold off forest land three times the size of Blackpool before this policy was even put before Members?

Mrs Spelman: My hon. Friend makes a clear point, which we would have liked to have seen acknowledged by the Opposition, but let us try to be more generous-spirited and learn from their previous mistakes. If it was wrong to sell off the public forest estate with inadequate protection, we as a new Government can do better.

Dr Andrew Murrison (South West Wiltshire) (Con): I congratulate the Secretary of State on her statement and the manner in which she delivered it. More than 300 constituents have written to me on the subject and will be reassured to have a Government who are prepared to listen to them and act on their concerns. I urge her to resist any temptation to take any lessons from the Opposition, whose consultations in general, and on woodlands in particular, were either lamentable or non-existent.

Mrs Spelman: I thank my hon. Friend for that observation. It is right that I should acknowledge fully before the House that we have all received much correspondence as constituency MPs, whether electronic or in hard copy. This is an important opportunity for us as parliamentarians to demonstrate that we do debate in Parliament, that we are able to communicate with our constituents and that we listen and are prepared to respond to them. I hope that hon. Members will be able to use today's statement to communicate with the many people from whom they have received correspondence.

Heather Wheeler (South Derbyshire) (Con): Like all Government Members, I congratulate the Secretary of State on this extremely important statement. May I put on the record the number of people in South Derbyshire who support the national forest and who were very concerned, but whose fears I am now able to allay? The national forest is such a good product that I hope we will be to make it larger once the independent panel has been set up.

Mrs Spelman: I can certainly give my hon. Friend that assurance. We should have the ambition to try to increase woodland cover, and the national forest is a good example of an amenity that reaches out to a wide cross-section of society, providing the opportunity for enhanced biodiversity and public access. It is the Government's aspiration to plant more trees, and the national forest is a good example of how that can be done well.

John Glen (Salisbury) (Con): I welcome the statement and applaud the fundamental decency, integrity, transparency and humility that the Secretary of State has shown. Given the hundreds of e-mails that we have all received, I suggest that there is an opportunity to harness the great interest in a sustainable woodland for the benefit of the country. Perhaps she would set out ways in which those many people can contribute to that future that they seek.

Mrs Spelman: I thank my hon. Friend for his kind remarks. This has been a difficult issue, as I have said, but it has also provided an opportunity to encourage all those people who corresponded with us to be more involved in the protection and enhancement of our woodlands by volunteering. Engaging with our constituents in the opportunities to plant more trees and protect our woodlands is a good outcome for all of us who love our woods and forests.

Mr Aidan Burley (Cannock Chase) (Con): Under the policy of the previous Labour Government, Cannock chase could have been sold off without any protection for access whatsoever. That would have been completely reversed by the granting of heritage status under the Secretary of State's previous proposals. The people of Cannock chase will rightly feel that today's decision leaves their forest as exposed as it was under Labour, so what reassurances can she give that the granting of heritage status will remain an option for the independent panel and that there are no plans, and never were, to sell off Cannock chase?

Mrs Spelman: I can give my hon. Friend an absolute assurance that, as Ministers have said many times, we wish to protect access and other public benefits for all woodlands and forests. I will certainly encourage the independent panel to look at the issue of heritage forests. He has done an admirable job of speaking up for Cannock chase and made a strong case for it being considered a heritage forest, and I am sure that his constituents will thank him all the more for that.

David Rutley (Macclesfield) (Con): The residents of Macclesfield enjoy the wonderful benefits of access to Macclesfield forest, which is owned by United Utilities. As my hon. Friend the Member for Suffolk Coastal (Dr Coffey) has said, access for horse riding groups, climbers and walkers will be important and needs to be considered in future. Will the Secretary of State confirm that access will be at the heart of the terms of reference that will be crafted for the new independent panel?

Mrs Spelman: I can give my hon. Friend that assurance. It is important that the panel looks at all forms of access, including access for walkers, riders and cyclists, because sometimes their needs are not completely compatible. As has been explained to me, if a horse ruts a path, it is not easy for a cyclist to go along that same path. A good way forward for the panel is to look at those different forms of access. We want to expand access to our forests and woodlands because it is in everyone's interests that we do so.

Matthew Hancock (West Suffolk) (Con): The Secretary of State will be aware that the third largest forest in England, Thetford forest, is largely in my constituency, and I received an awful lot of correspondence on the subject. I will be sending all correspondents a copy of this exchange, because I think that the dignified way in which she has carried herself has been exemplary and they will be reassured by everything she has said. The overwhelming point they made to me was that the most important things for the future of the forests are access rights, the protection of biodiversity and not using the matter as a political football, as some have sought to do.

Mrs Spelman: My hon. Friend's constituents are absolutely right: forests and woodlands are precious to this country and we should be seeking to protect them and enhance their biodiversity. The aspiration of the Woodland Trust to accelerate the rate of restoration and plantation on ancient woodland sites is a good example of how we can provide an even better future for our forests.

Kris Hopkins (Keighley) (Con): I welcome the Secretary of State's statement and thank her for listening to the robust challenges from myself and other Government Members. It takes a lot to put your hand up, say you got it wrong and say sorry in a place like this, but I believe that, in doing so, the Secretary of State and the Government will have earned a great deal of respect from the country.

Mrs Spelman: I thank my hon. Friend for that. I do remember his robust advice to me, and I hope he feels reassured to know that I have heeded it. We can all learn throughout life from all the decisions that we take, and I am certainly part of the wide body of mankind that will do so.

Guy Opperman (Hexham) (Con): I thank the Secretary of State for having the common sense to change her mind and to preserve Kielder, which is larger than Thetford, for sure.

Mr Burley: But not as nice as Cannock chase.

Guy Opperman: And even better than Cannock chase.

In reality, the Opposition's criticism is wrong, because many of us got into this business and ran for Parliament because we thought that the way the countryside was being treated was manifestly wrong. Over the years, they rode roughshod over us, and that was totally wrong.

Mrs Spelman: It is more than my life is worth to get drawn into a competition over who has the best forest, as we all have candidates, but my hon. Friend is right, and he can be reassured that the Government, drawn from two parties with a large number of rural constituencies, have taken rural issues and the needs of the countryside very close to their heart indeed.

Stephen Williams (Bristol West) (LD): I, too, commend the Secretary of State for the very gracious way in which she made her statement, which in itself executes a welcome policy re-think, showing that this Government, at least, listen to the views of constituents. In that regard, will she help me to reassure the 1,250 people who wrote to me in Bristol West about the issue—the biggest postbag I have ever had on any issue in my six years' membership of the House—that the primary focus of the independent panel will be to enhance public access to woodlands, whether they are under Forestry Commission management or not?

Mrs Spelman: I am not going to get drawn into who had the largest postbag, either, but I absolutely can give the hon. Gentleman that assurance. Our absolute priority, as I said, is to protect and to enhance access to, and other public benefits of, our forests and woodlands, so I hope that he can reassure some of the 1,250 people with whom he corresponded that that is the case.

Christopher Pincher (Tamworth) (Con): I, too, thank my right hon. Friend for listening to public concern, but when she sets up her independent panel, will she ensure that it supports small-scale independent nature reserves such as my local Hodge lane nature reserve in Tamworth, where every week volunteers come together to do important work, including coppicing, planting and clearing? The work that they do for their environment needs to be supported, too.

Mrs Spelman: I can give my hon. Friend that assurance. I hope that he heard—through some of the groups that have talked to our Department about the issue, including the Wildlife Trust—that we do appreciate the huge amount of volunteering and work by the public, who care passionately about nature and their nature reserves, woodlands and forests. That will, indeed, be integral, and fostering that spirit of volunteering, in the spirit of the big society, is something that the panel will very definitely look at.

Andrew Bridgen (North West Leicestershire) (Con): Does the Secretary of State agree that it makes a hugely refreshing change to have a Government who consult and genuinely listen to the mood of the people, rather than just dogmatically driving through policy in the face of public opposition, as the previous Labour Government did? I compliment the Secretary of State on her courage and honesty and offer her the comfort of remembering that there is never a bad time to do the right thing.

Mrs Spelman: Those are very wise words, indeed, and a very important lesson for all of us is that no Government should ever stop listening. Listening is part of what we are called to do as parliamentarians, and I for one hope never to stop listening.

Points of Order

1.34 pm

Mr Michael McCann (East Kilbride, Strathaven and Lesmahagow) (Lab): On a point of order, Madam Deputy Speaker. In a response to a question that I asked yesterday about 150 job losses at the Department for International Development's East Kilbride office in my constituency, the International Development Secretary said:

"DFID is not immune from the cuts and will see reductions of some 33% in its administrative spend. I had the opportunity of speaking to all the staff at Abercrombie house just a few days ago to make sure that that was understood."—[*Official Report*, 16 February 2011; Vol. 523, c. 947.]

In making that statement, the Secretary of State suggested that he had broken the news of the job losses personally. In actual fact, he visited the office in East Kilbride on 3 February—a week before the job losses were announced. May I ask for your advice, Madam Deputy Speaker, on how we can correct what was probably an inadvertent mistake by the Secretary of State and set the record straight?

Madam Deputy Speaker (Dawn Primarolo): I am grateful to the hon. Gentleman for raising that point of order. The Leader of the House will have heard his comments and, I am sure, be able to pass them on, but I also suggest that the hon. Gentleman goes to the Table Office specifically with a request on how he can pursue the matter through the House in order to clarify the situation.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): On a point of order, Madam Deputy Speaker. On the protection of Back Benchers' rights, those of us who attend departmental questions regularly are becoming increasingly worried by the way in which Government Whips systematically organise the tabling of questions. Today, if one looks at the Order Paper, one sees that eight questions—eight out of 25—all ask:

"How many apprenticeship starts there have been in the academic year 2010-11"

We all know that Government Whips use that method to block off other questions; I know it goes on, and I think you know it goes on, Madam Deputy Speaker. If the Whips are going to use it, however, could they be more inventive? They could at least ask people to ask different questions. Indeed, could we not have a method whereby if eight questions are tabled, we take just the first two and exclude the rest? The current situation is an abuse of Back-Bench freedoms.

Madam Deputy Speaker: The tabling of questions is not one of the responsibilities of the Chair, but I am sure that all Members heard the hon. Gentleman's observations. Seeing as he has a proposal for dealing with the point, I suggest that he ask the Procedure Committee to consider whether the issue is within its remit. It is certainly not within mine as a Deputy Speaker.

Chris Williamson (Derby North): On a point of order, Madam Deputy Speaker. In response to a question about atomic veterans from my hon. Friend the Member for Scunthorpe (Nic Dakin) at the most recent Defence questions, the Under-Secretary of State for Defence, the right hon. Member for South Leicestershire (Mr Robathan), inadvertently misled the House when he said that

"the courts have found that there is no causal link whatever between many of the disabilities and illnesses suffered and exposure to any radiation."—[*Official Report*, 31 January 2011; Vol. 522, c. 573.]

The truth is that the courts have made no such finding, and all attempts to get the Minister to correct the record have so far proved unsuccessful. Could I therefore ask you, Madam Deputy Speaker, to remind Ministers of the importance of correcting the record when they get their facts wrong?

Madam Deputy Speaker: I hope that no Member needs to be urged by the Chair to correct the record if they felt that something they had said in the Chamber was not correct. I feel that the hon. Gentleman is trying to open up the debate again, but, if he wants to pursue the issue, I would give him the same advice as I gave a few moments ago: he should pursue with the Table Office the question of how to ensure that it is clarified. All Members—Ministers and Back Benchers—are responsible for what they say, however, not the Chair.

Business without Debate

ESTIMATES

Motion made, and Question put forthwith (Standing Order No. 145).

That this House agrees with the Report [15 February] of the Liaison Committee.—(*Sir George Young.*)

Question agreed to.

Social Security

Madam Deputy Speaker (Dawn Primarolo): I understand that it will be for the convenience of the House if we take motions 2 and 3 together.

1.39 pm

The Minister of State, Department for Work and Pensions (Steve Webb): I beg to move,

That the draft Social Security Benefits Up-rating Order 2011, which was laid before this House on 3 February, be approved.

Madam Deputy Speaker: With this we shall discuss the following motion on pensions:

That the draft Guaranteed Minimum Pensions Increase Order 2011, which was laid before this House on 3 February, be approved.

Steve Webb: I shall deal briefly with the Guaranteed Minimum Pensions Increase Order 2011. The order provides for contracted-out defined benefits schemes to increase by 3% their members' guaranteed minimum pensions that accrued between 1988 and 1997. Increases are capped at this level when price inflation exceeds 3%. This is a technical matter that is attended to on an annual basis, and I suspect that it will not be the focus of our discussions.

The broader uprating of social security benefits this year is a landmark event for two reasons. First, it enshrines the restoration of the earnings link for the basic state pension. Secondly, it introduces a clear and consistent approach to price measurement through the move from the retail prices index to the consumer prices index. I suspect that a lot of our debate will focus on that issue, but I want to turn first to pensions and pensioners. It is more than 30 years since the link between the basic state pension and earnings was broken. Although Labour Members talked a good game towards the end of their time in office, they had 13 years in which to restore that link, and they failed every year to do so.

The coalition Government said that they would restore the earnings link for the basic pension, and that is precisely what we have done. Indeed, we have gone one better with the introduction of our triple guarantee, which means that the basic pension will be increased by whichever is highest of earnings, prices or 2.5%. We estimate that the average person retiring on a full basic pension this year will receive more than £15,000 extra in basic state pension income over their retirement than they would have done under the old prices link. This important change will be a benefit to existing and future pensioners. It will provide a more generous basic state pension, giving a solid financial foundation from the state. So from this April, the standard rate for the basic state pension will rise by £4.50 a week, taking it from £97.65 to £102.15 a week. The introduction of this triple guarantee will finally halt the decline in the value of the basic state pension for current and future pensions. It will also mean that even in times of slow earnings growth, we will never again see a repeat of derisory increases such as the 75p rise presided over by the previous Government in 2000.

In addition to restoring the earnings link, we have taken action to ensure that the poorest pensioners do not see the increase to their basic state pension clawed back in the pension credit. This has been done by linking the minimum increase for the pension credit to the cash increase for the basic state pension this year. Therefore, from April 2011, single people on pension credit will receive an above-earnings increase to their standard minimum guarantee of £4.75, which will take their weekly income to £137.35. Of course, as you will be well aware, Madam Deputy Speaker, this is in addition to the key support for pensioners that the coalition protected in the spending review: free NHS eye tests; free NHS prescription charges; free bus passes; free TV licences for over-75s; and winter fuel payments exactly as budgeted for by the previous Government. In addition, we have reversed a planned cut—one of Labour's many ticking time bombs that I discovered in my in-box. The previous Administration had planned to reduce the cold weather payment from the pre-election—I use that phrase deliberately—rate of £25 a week to just £8.50 a week. We took the view that despite money being tight, helping elderly people on a low income to heat their homes in winter was vital and a priority for the coalition. I can update the House by saying that we have paid slightly more than we thought—an estimated 17.2 million payments worth an estimated £430 million, which we believe is money well spent.

Kate Green (Stretford and Urmston) (Lab): Naturally, elderly people will be relieved by the news about the winter fuel and cold weather payments. However, is not the Minister concerned that in the longer run the cut in funding for Warm Front will mean that those pensioners have higher fuel bills?

Steve Webb: The hon. Lady is absolutely right that home insulation is an important part of this: it is not just about helping people to pay their fuel bills, but about improving the insulation standards of their homes. Our colleagues at the Department of Energy and Climate Change are working on the issue and will shortly introduce proposals that will build on the energy rebate scheme, which took place in 2010, whereby low-income pensioners and others—the most vulnerable households—received direct payments. I understand that a further scheme will shortly be brought forward that will benefit exactly the people she talks about.

Despite the pressure on public expenditure, the coalition, through these orders, will spend an extra £4.3 billion in 2011-12 to ensure that people are protected against cost of living increases, and, of that, fully £3.4 billion will be spent on pensioners.

Let me move on to the second landmark change—the move to the consumer prices index. At one stage, the House thought that it might have a jolly three hours on price indices after an all-night sitting, so we are probably all relieved that we got a bit more sleep before entering this territory. The purpose of the annual uprating exercise is to ensure that the purchasing power of social security benefits is protected against inflation. We view the CPI as the most appropriate measure of price inflation for this purpose, although we would acknowledge no single index is perfect. The CPI is

"more reliable because, taking account of spending by all consumers, this consumer prices index gives a better measure than the old RPIX measure of spending patterns. It is more precise because, as in America and the euro area, it takes better account of consumers substituting cheaper for more expensive goods."—[*Official Report*, 10 December 2003; Vol. 415, c. 1063.]

[Steve Webb]

They are not my words, but those of the then Chancellor, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown). I could not agree more. Increases in line with the growth in the CPI maintain benefit and pension value. The CPI is the country's headline measure of inflation, forming the target for the Bank of England's Monetary Policy Committee. I remind the House that the legislation under which this order is made requires that we reflect the "general level of prices".

It would be remiss of me not to thank the Leader of the Opposition for his support for our position on this issue. When Laura Kuenssberg of the BBC challenged him at a press conference on 11 January, saying,

"You've said time and time again that you will not oppose every cut; but four months into the job, the list of cuts that you will support remains pretty short,"

the Leader of the Opposition said:

"Let me just say on the cuts, I listed four cuts that we had not opposed, but it's not just four cuts...from Employment Support Allowance to some of the changes to Disability Living Allowance, to the changes to the Consumer Price Index and RPI, to a range of other measures, we're not opposing all the cuts."

I am very grateful to him for his support.

Dame Anne Begg (Aberdeen South) (Lab): Would the hon. Gentleman like to quote the Leader of the Opposition further, where he said that if there were a case to be made for shifting to the CPI, it would be a temporary move, not a permanent one?

Steve Webb: I am grateful to the hon. Lady. I have heard it intimated that the Opposition support using a temporary measure of inflation before using a different one in the future. I can see the politics of that, but not its coherence. The duty on my right hon. Friend the Secretary of State is to measure the general increase in price levels in an appropriate way, and it would be very odd if he were to decide one year that the CPI, with its method of calculating on a basket of goods, was the right answer, and then four years later, because there was a bit more money, that there was a different answer. That is not the legal duty on my right hon. Friend.

Dame Anne Begg: Will the hon. Gentleman clarify whether the move from RPI to CPI has anything to do with deficit reduction, which would be a reasonable argument as to why it might be temporary?

Steve Webb: The hon. Lady asks an important question. I will deal specifically with the budget deficit. However, when we looked at this issue as a new Government, we were prompted particularly by the context of a year in which the RPI had been negative. We arrived in May 2010. In April 2010, uprating had been nil for the state earnings-related pension scheme, public sector pensions and all the connected pensions. That is not because inflation for pensioners had been nil—I have never met a pensioner who thought they had negative inflation in the year to September 2009—but because that is what the RPI said. The RPI was clearly not doing its job then, and that focused our mind on whether it was the right thing. It is true that, on average, the CPI tends to be lower—not always, but generally. I have looked at the past 20 years, and in five of those the RPI has been lower than the CPI. That improves the situation in a difficult financial position; I would not pretend that it does not. However, our job is to have an appropriate, stable measure of inflation, and that is what the CPI achieves. *[Interruption.]* Indeed, it is much less volatile.

I sometimes think—perhaps this makes me sound a bit sad—that if the CPI were a person, it would be taking people to court for slander and libel for some of the things that have been said about it over the past few weeks and months. It is almost as if it is a stray number that we found on the back of a fag packet and decided to use to up-rate benefits. In fact, it is a careful calculation by the Office for National Statistics, with excruciating amounts of thorough methodological detail about the general increase in consumer prices. It is not the only measure, but it is an entirely decent and proper one.

I want to respond to some of the myths that have grown up about CPI, and to stress that this is not a choice between a good index and a bad index, but about trying to find the most appropriate measure for the purpose. The first argument that is made is that CPI is always lower. As I have pointed out, that is not true, although it is lower on average over the long term. People criticise the methodology that is used. I will explain what the difference is and why we think it is appropriate. Somewhat more than half the difference between RPI and CPI is to do with the way in which CPI assumes that people change their behaviour when prices change. CPI uses a substitution method, which assumes that people substitute for cheaper goods. Interestingly, the Institute for Fiscal Studies, which has looked at this issue, has said that that difference is a

"sound rationale for the switch"

that we are making today. RPI does not do that. Even the Royal Statistical Society, which has been critical of aspects of our proposals, states that RPI arguably overstates inflation as a result. I stress that we are trying to find not a high number or a low number, but an appropriate number with an appropriate method. Particularly for those on benefits, the substitution approach is important.

It is worth adding in parenthesis that people who say that RPI is the only possible way in which we can uprate pensions, because it is appropriate for pensioners, seem to be oblivious to the fact that RPI excludes the poorest fifth of pensioners from its consumption patterns. Their spending patterns are deliberately excluded in the construction of RPI. It seems odd that people are so wedded to RPI on purity grounds when it excludes the most vulnerable pensioners, about whom we should be most concerned.

The second myth is that the UK Statistics Authority does not think that CPI is a proper measure of inflation. *[Interruption.]* The hon. Member for Leeds West (Rachel Reeves) says that she has not said that, but I assure her that I have seen it in plenty of letters. The UK Statistics Authority oversees the Office for National Statistics, so it would be very odd if it thought that the ONS was producing dodgy figures. CPI is the headline measure and it is the target for the Bank of England, so it is hard to see how it is not a proper measure of inflation.

Thirdly, some say that the Royal Statistical Society does not like CPI. It has certainly criticised some aspects of the change, but it takes a more balanced view and sees limitations in CPI and RPI. As I have said, no single measure is perfect. The Royal Statistical Society has highlighted the issue of housing costs, and I will come on to that because it is clearly important.

The fourth thing that people say is that this is a real cut to the value of benefits. *[Interruption.]* The hon. Member for Glasgow East (Margaret Curran) says that it is, but it is not. What we are doing is measuring inflation in an entirely proper manner and increasing benefits—revaluing and reflating them—every year in line with inflation, measured in an appropriate way. That is what indexation is meant to do. There is no argument for saying that it is a cut when we are increasing benefits and pensions by inflation. Only a couple of nights ago, the lead story on the BBC news was "Inflation hits 4%". Indeed, CPI inflation had hit 4%. That was the headline, that is inflation, and that is what we are uprating benefits by.

Stephen Timms (East Ham) (Lab): I think that I know the answer to my question on the basis of what the Minister is saying, but I want him to confirm it. Is it the Government's intention that the change from RPI to CPI will not be temporary, but permanent?

Steve Webb: Yes. For all the reasons I have been giving, we regard CPI as a more stable and appropriate measure for uprating pensions and benefits. We see no reason to change it in the future. The arguments that I am advancing, it seems to me, will stand the test of time.

There is an issue with the treatment of housing costs. One of the reasons why CPI is more appropriate than RPI for pensioners is that only 7% of pensioners have a mortgage. Mortgage interest fluctuations dominate the changes in RPI, sometimes swooping it up and sometimes swooping it down. The year in which RPI went negative, it happened because mortgage rates slumped. Not only was that of no benefit to the vast majority of pensioners; it was a penalty to the vast majority of pensioners because their savings rate fell. Just at the point when pensioners were suffering through low interest rates, RPI came along—to humanise it once again—and kicked them in the teeth and said, "Oh, inflation is falling so you don't need a benefit rise." I do not see how that can be right.

Kate Green: I am interested in the Minister's argument for making CPI permanent. Will he comment on Lord Freud's response to the Select Committee on Work and Pensions on the indexation of housing benefit, in which he suggested that it would be for this Parliament only?

Steve Webb: To be clear, my noble Friend was talking about the indexation of the housing benefit limit of the 30th percentile to CPI. We have said specifically that that will be looked at after two years, so that is a quite separate point. The fundamental point I am making is that the more one looks at the argument for using CPI for pensioners, the more powerful it gets.

There is an issue about the role of owner-occupier housing costs, as CPI includes rents and certain housing costs. The CPI advisory committee has said that the ONS should consider whether owner-occupier housing costs should be included. We are entirely open to that proposition and do not rule it out. It is interesting that the CPI advisory committee has already ruled out doing so by lumping in mortgage interest payments in the same way as in RPI. It accepts that putting that into CPI in the way it is put into RPI would not be a good way of doing it. We will obviously consider what the committee comes up with.

Sheila Gilmore (Edinburgh East) (Lab): Will the Government give the House a time scale in which it will consider these matters to do with CPI? Obviously, council tax also has to be taken into account.

Steve Webb: I am grateful to the hon. Lady for raising that point. We are, of course, driven by the Office for National Statistics, so we are not cobbling together our own index. It is undertaking careful work over the next two years. We will then look at its findings and consider whether it is appropriate to use a CPIH-type measure. We are governed by the ONS's time scales.

I will comment briefly on benefits for people of working age. Unfortunately, last year the Government got themselves into a bit of a mess over uprating. As I have said, RPI was showing negative inflation, mainly as a result of falling mortgage interest. As a result, benefits such as additional state pensions did not increase at all. They would have done under CPI. Other benefits, mainly the disability and carers' benefits, were the subject of what my notes call a bewildering fudge—I think that roughly sums it up. In the end, disability and carers' benefits last year were increased by 1.5%, but on the proviso that the pre-election—sorry, that word slipped out again—increase in 2010 would be clawed back in 2011. In other words, that would have happened this year in this order. *[Interruption.]* The Secretary of State says that we had to decide whether to pick up the ticking time bomb of that 1.5% clawback as well.

Members will be pleased to know that the 2011 uprating order before the House today contains no such sleight of hand. It is based on the straightforward proposition that, aside from increases in the basic pension and pension credit that have already been explained, the other mainstream social security benefits and statutory payments will increase by 3.1%, in line with the annual growth in RPI. There will be no attempt to recoup the value of the 1.5% fudge that we inherited from the previous Government.[1]

Finally, I will touch on occupational pensions. Such pensions are not directly the subject of the orders. The changes that relate to the revaluation and indexation of most occupational pensions were the subject of the revaluation order that was tabled before Christmas. However, because of the close link in all pensions matters—everything is connected to everything else—I ought to say a word about this matter. CPI is being used for all social security benefits and additional state pensions, and through statutory linkage, CPI applies to public sector pensions. We had to decide what to do for private sector pensions. I stress that the role of Government is to set the floor for increases to private sector pensions and we had to make a judgment on that. We took the view that the Secretary of State could not decide that inflation was CPI for things that we pay out, but RPI for things that other people pay out. As far as we are concerned, inflation is inflation and we have to be consistent. CPI is therefore the right floor for occupational pensions. However, I stress the word "floor". Schemes are entirely at liberty to make more generous increases if they wish. This statutory requirement increases only in respect of service after 1997, whereas some schemes index service before that.

Dame Anne Begg: Will the Minister quantify the number of private occupational pensions that will not adopt the floor? When the initial announcement was

1. *[Official Report, 7 March 2011, Vol. 524, c. 3MC.]*

[Dame Anne Begg]

made, the impression was that all private occupational pensions would move to CPI rather than use RPI. I understand a number of them have RPI in their schemes and therefore will not move to the new index. Can the Minister say anything about the volume of such occupational pensions?

Steve Webb: When we produced the initial impact assessment on the changes, we divided schemes into four groups according to whether they revalued by RPI or CPI and whether they indexed by RPI or CPI. We found that a good deal of revaluation was done in terms of the revaluation order and hence would go to CPI, but that a lot of the indexation was in terms of RPI. We have gone out into the field and talked to those administrating schemes, and we are revising our estimates of the proportion that will respond to this change.

The hon. Lady brings me on to the point that I wanted to make: some schemes have RPI hard-wired—for want of a better phrase—into them. We faced the difficult decision of whether to override that and put CPI in or whether to say, "Rules are rules, scheme promises are scheme promises," and keep it how it was. We announced at the start of December that we felt that people's confidence in pensions is important, and therefore that we would not override scheme rules. If someone has joined a private sector occupational scheme that has RPI in the scheme rules, we will not override it. Obviously, each scheme will make its own decision on how to respond if they have the flexibility to do so, but many schemes do not have that, and therefore will not make the change. We will publish updated estimates of the proportions.

Mr Jim Cunningham (Coventry South) (Lab): I apologise to the Minister and to you, Madam Deputy Speaker, for coming in late to the Chamber.

Will that also apply to the public sector schemes, because I have had a number of letters about those? Will the Minister clarify that matter for me?

Steve Webb: I am grateful to the hon. Gentleman for that point, because there is a difference between public and private schemes. The latter very often have the words "retail prices index" or "in line with statutory provisions" in their rules. The rules of public sector pensions did not have the words "retail prices index" in them; statutorily, they simply link to whatever the Government of the day do with state earnings-related pension schemes. Whatever amount or percentage SERPS went up by has always been the legal entitlement for members of public sector schemes, and we have not changed that or the law on it. Obviously, we are defining inflation differently, but the legal entitlement of members of public sector schemes was always whatever happened to SERPS, and we have not changed that.

Albert Owen (Ynys Môn) (Lab): The Minister is giving the House a very thorough outline of his plans, but does he acknowledge that the people he just mentioned—many thousands of them, and those on deferred pensions—will lose out considerably because of the change brought about by the order?

Steve Webb: It is important for the people who have contacted the hon. Member for Coventry South (Mr Cunningham) to remember that we are changing two things. We are changing, first, the indexation of the basic state pension that they will receive, and, secondly, the indexation of SERPS and therefore public sector pensions. Overall, most pensioners, and particularly those on lower incomes, will benefit net from the two changes taken together. In other words, although earnings are depressed at the moment, in the long term the earnings link is a substantial boost. The CPI change on average means about 0.8% or 0.9% less over the long run, and the earnings link means close to 2% extra, so people with very large private or public sector pensions will lose net, but people with smaller pensions—the people who are most worried about the changes—will probably gain net. I am grateful to the hon. Member for Ynys Môn (Albert Owen) for raising that point.

Albert Owen: Can the Minister say how many people he is talking about? No one has written to me to say that they will benefit from the change, but considerable numbers of people have said that they will lose. I realise that that is the nature of the beast, but has the Minister done any impact assessment?

Steve Webb: People often miss one important point. The numbers on pensions in payment are in a sense straightforward, because we know the level of the state pension and the average pension in payment. To give the hon. Gentleman a flavour, the average occupational pension in payment is £70 a week, and the basic state pension is of the order of £100 a week. If we give an extra 2% on the £100 and take 0.8% off the £70, it is clear that people in that typical situation will be better off. Those are long-term changes, so there will be a big cumulative effect for someone who is 25. Of course, they do not see the boost to the state pension—they do not see that, in 40 years' time, 40 years' worth of earnings link will be embodied in their state pension. It is very hard to project that, which is why those people do not see it. Overall, I am confident that large numbers of pensioners will be net beneficiaries of the change.

Rehman Chishti (Gillingham and Rainham) (Con): I am grateful to the Minister for clarifying the situation on SERPS. Will he confirm that the previous Government did not uprate SERPS in 2010?

Steve Webb: My hon. Friend is quite right. One of my first tasks as a Minister was quite strange. I had to write ministerial letters to say why we the Government—meaning my predecessors—had frozen people's SERPS pensions, which was precisely because the RPI was negative, yet inflation was not.

Katy Clark (North Ayrshire and Arran) (Lab): When the Chancellor announced the change in his emergency Budget last June, he said that it would save more than £6 billion a year by the end of this Parliament. If that is true, it must surely mean that individuals will be worse off.

Steve Webb: Just to be clear, my right hon. Friend the Chancellor was talking about the CPI indexation of all social security benefits, not just pensions. Clearly, compared with previous plans, benefits for people of working age will generally increase by less over the Parliament, which will lead to significant savings. I should mention therefore in passing that any political party that went into the election promising to reverse that would also have to

indicate where many billions of pounds would come from over the course of a Parliament. However, specifically for pensioners, the earnings link in the long-term is much more generous than the reduction from the CPI change.

Stephen Timms: The Minister says that the order enshrines the earnings link. Is there a reference in the text to earnings uprating? I could not find it, but if there is one, where is it?

Steve Webb: No. This is the first set of upratings to which we have applied the triple lock. Indeed, we have gone further, and said that because RPI was built into the spending plans, we did not want to go lower than that, so there is an RPI increase of 4.6% this April. When we reintroduced the earnings link last summer, we did not know what the earnings figures would be, but had earnings been higher than any of those figures, we would have used it.

I ought to move on, because many hon. Members want to contribute to the debate. To conclude on occupational pensions, we have not overridden scheme rules. As the Chair of the Work and Pensions Committee pointed out, many people will still get RPI, if that is what the scheme rules say, but those that are free to link to CPI may do so. We will report shortly on our research on the balance between different schemes.

The approach adopted in the uprating order seeks to strike a fair balance between the interests of benefit recipients and pensioners, and the burden placed on the taxpayers of the UK, who often end up footing the bill. Despite the fact that the nation's finances remain under severe pressure, this Government will spend an extra £4.3 billion in 2011-12 to ensure that people are protected against cost-of-living increases.

We have restored the link between earnings and the basic pension and confirmed that most people on pension credit will benefit from the cash increase enjoyed by those on the state pension. The move to CPI for the uprating of the majority of other pensions and benefits will result in an uplift of 3.1% from April, and sets the future of uprating on a more appropriate, consistent and stable basis that is fair to individuals and fair to the taxpayer. Through this package of uprating, I have outlined our firm commitment to ensure that no one is left behind, and I commend the order to the House.

2.6 pm

Stephen Timms (East Ham) (Lab): It is a happy coincidence that we are debating the order on the same day as the publication of the Welfare Reform Bill, and I am pleased to see the Secretary of State in the Chamber. I welcome the opportunity to make some observations on the Bill—of course, only in so far as they impinge on matters in the order.

However, I want first to respond to some of the Minister's remarks. The truth is that the two orders signal the start of an ideological move from the use of RPI to CPI as the measure of inflation for uprating benefits, including pensions. The Minister told us that this is the first outing for the much-vaunted triple lock, but actually, in their first effort, the Government have had to override the triple lock. Had they not done so, they would have been rightly criticised for a very low increase to the basic state pension.

The Minister set out in some detail and at some length why it is right to use CPI rather than RPI, but the order uses RPI and not CPI. If he is so persuaded by his arguments on why CPI is the right measure to use, why has he used RPI in the order? The argument that he has put to the House is holed below the water line by the fact that he clearly does not believe it, because on this occasion, he has used RPI.

My hon. Friend the Member for Aberdeen South (Dame Anne Begg), the Chair of the Work and Pensions Committee, rightly asked whether the measure is to do with reducing the deficit. Of course, both the Government and the Opposition agree that we need to cut the budget deficit, even if we take very different views on the speed at which that ought to be done, but we should be clear from the outset that the orders, despite what the Government will tell us fundamentally about deficit reduction, are part of a wider quest. Changing permanently from RPI to CPI, other than in this year, and keeping things that way even after the deficit is long gone, is plainly not a deficit reduction measure—it is ideologically driven, and the Opposition do not support it.

As my hon. Friend the Member for Aberdeen South hinted in her intervention, there would be a case for a time-limited change ensuring that benefits do not fall behind earnings in the next few years. That might well be a fairer alternative to deep cuts in departmental expenditure. Were that on the table, it would be an argument that we would be willing to discuss, and we would work with the Government to consider it. However, that is not the proposal. As the Minister rightly made clear, the Government want a permanent change, with entitlement and pensions continuing to be reduced every year relative to RPI, saving money for the Government even long after the deficit has been eliminated. We will be making our position on that very clear as we go through these debates, and as we seek to amend the Pensions Bill, when the same matter is raised.

Mike Freer (Finchley and Golders Green) (Con): If the right hon. Gentleman looks at the local authority pension schemes here in London, he will see that there is only 75% or 80% viability on future liabilities. A lot of the contribution rates and the inflation from RPI to CPI are about balancing the books for future pensioners, not deficit reduction.

Stephen Timms: I was familiar with the call often made when I was in the Minister's office to release occupational funds from the constraints under which they had long operated, and RPI uprating was one of them. However, the question that has to be asked is whether it is right to change the rules at this stage, effectively to undermine the accrued rights that people have always believed they would benefit from in retirement, and to shift the goalposts. I will come to that very point in a moment. However, I suggest to the hon. Gentleman that this change raises a very serious question about fairness.

Of course, we need to get the economy back on track, but that will take some time. The coalition is doing it too fast. Why do they want pensioners, the armed forces and those on the lowest incomes and least able to bear the burden to continue to lose out even long after the deficit has gone? On average, RPI is between 0.5% and 0.75% higher than CPI, as the Minister pointed out, so

[Stephen Timms]

in any given year, benefits linked to CPI will give people a lower income by that amount. The CPI for the year to September 2010 is 3.1%, and the RPI figure is 4.6%. At 1.5%, that is a very big percentage point difference. The Minister has decided, perhaps because of the scale of that difference, to use RPI and overrule his triple lock in its first year. However, if the Government intend, as they clearly do, to make CPI indexation permanent and apply that across the pension system, experts estimate that it could cost pensioners 15% of the income that they expect in retirement.

Jane Ellison (Battersea) (Con): We are weeks away from the point when the Opposition, had they won the election, would have commenced their own deficit reduction plan. Given the enormous sum that the welfare bill represents within the public finances, it is inconceivable that the right hon. Gentleman could intend to go through this debate without addressing some serious long-term issues regarding his own policy on deficit reduction.

Stephen Timms: I am grateful to the hon. Lady, because that is exactly the point that I have been making. If this was about deficit reduction, there would be a worthwhile point to debate. However, the Government are saying that they want this change to be permanent and lower uprating to be a feature of the pensions and benefit system not just while we are reducing the deficit—I agree with her that there would be an argument for doing it during that period—but long after and into the indefinite future.

Jane Ellison: In part, Government Members are talking about addressing the much longer term problems that this country faces, of structural deficits building up and having to be addressed. The right hon. Gentleman has only to look around the world, at the problems in California and all sorts of places where enormous long-term structural problems have built up, particularly in relation to pensions. It is inconceivable that he cannot take a long-term view on this issue.

Stephen Timms: The hon. Lady makes an interesting argument. I have to say, however, that before the election I did not hear from her and her hon. Friends the argument that the structural deficit required a reduction in the incomes of the least well-off people in the land. That is the implication of what she is putting to the House. The real key to reducing the deficit is to secure new growth, new investment and new jobs in the economy. As we saw yesterday in the new unemployment figures, however, that is what the Government's policies are signally failing to produce.

Mike Freer: The problem is that for public sector pensions, the fund can meet only 75% or 80% of future liabilities. If we do not reduce the indexation to reduce that drain on future liabilities, we will have to increase contribution rates. Which would the right hon. Gentleman do?

Stephen Timms: My point is that people who have been contributing to those schemes throughout their working lives have done so on the basis of a promise, but the Government are now saying that that promise should be torn up, perhaps just a few months before somebody retires. Is that fair? As I am sure that we will hear in this debate, a lot of people feel that it is deeply unfair—and we can all understand why they take that view.

Lord Hutton's report on public sector occupational pensions pointed out:

"This change in the indexation measure"—

from RPI to CPI—

"may have reduced the value of benefits to scheme members by around 15 per cent on average. When this change is combined with other reforms to date across the major schemes the value to current members of reformed schemes with CPI indexation is, on average, around 25 per cent less than the pre-reform schemes with RPI indexation."

Even the Minister's own Department, in numbers slipped out at the end of last week, estimated a fall of £83 billion in the value of occupational pensions over the next 15 years as a result. For the 2 million members of defined benefit schemes, that is broadly the same as a pay cut, on average, of between £2,250 and £2,500 a year.

The figure of £83 billion has gone up by more than 8% since the Department last calculated it in December. We ought to know why the Department got their figures so wrong last time round. My worry is that the Department does not really know what the impact of this ill-thought-through measure will be in reality. I ask the Minister, therefore, whether he can assure us that this—in itself alarming—estimate of the scale of the loss to defined benefit pension scheme members will not be revised any further.

Rehman Chishti: Am I right in thinking that the shadow Minister was a Treasury Minister in the previous Government? If so, will he clarify the fact that when the coalition Government came into office last May, we inherited the worst financial deficit of the G20 and the worst structural deficit of the G7 countries, and that that is why we have to make some tough decisions?

Stephen Timms: I was indeed a Treasury Minister—on four separate occasions. We managed the global economic crisis with great skill, to the extent that the increase in unemployment, which was widely anticipated before the crisis hit, did not happen. Under the previous Government there was about half the unemployment and half the home repossessions that we experienced in the recession of the early 1990s. I was indeed a Minister at the Treasury when those successes were being achieved.

Rehman Chishti: The shadow Minister talks about unemployment and the previous Government's actions. Is that why my constituency of Gillingham had 30% unemployment for 18 to 24-year-olds in 2006? The figure for youth unemployment remained at 30% in 2007 and 2009, and was the same in 2010 before we came into government. Will the right hon. Gentleman apologise to my constituents for that record?

Stephen Timms: I agree with the hon. Gentleman about the damaging impact of youth unemployment, and I hope that he shares my deep regret that it has increased again. It is now the highest that it has been since comparable figures began to be compiled nearly 20 years ago. The highest figure ever recorded was published in the statistics yesterday. I certainly take the view that the Government need to do more to reduce that figure.

The estimate of a hit of £83 billion on defined pension schemes makes it clear that long after the deficit is gone, the Government will be keeping pensioners out of pocket. I fear that the order is the start of a move that will mean that millions of pensioners and other benefit claimants experience a fall in the value of their benefits every year, relative to RPI. If the Government had simply applied the much-vaunted triple lock this year, the basic state pension would be uprated next year far below the RPI level that the previous system would have delivered. That is the problem with the Government's proposition.

That is not the only Government measure to hit pensioners. The Minister proudly and fairly read out a list of excellent things that the previous Government did for pensioners, which the present Government will not abolish. I am glad that they will not. However, they have increased VAT, which means that pensioner couples will be £275 a year worse off, and single pensioners £125 a year worse off.

The Pensions Bill means that some women approaching retirement will have their state pension delayed by up to two years, with very little time to prepare. That will mean a loss of up to £10,000 in basic state pension, and up to £15,000 for those who would have qualified for pension credit.

My hon. Friend the Member for Leeds West (Rachel Reeves) asked the Minister previously about an individual's accrued rights, and I referred to that in response to an earlier intervention. Let me press the Minister again on the same subject. Why has he made such an abrupt U-turn? Before the election, he said:

"We are very clear that all accrued rights should be honoured: a pension promise made should be a pension promise kept. Therefore we would not make any changes to pension rights that have already been built up. I have confirmed that I regard accrued index-linked rights as protected."

I am sure that the Minister would agree that all those who contracted out—all those in the local government scheme that was mentioned a few minutes ago—did so on the basis that RPI would be used for uprating. On the basis of what the Minister said before the election, those rights should also be protected. They are not; they are being explicitly downgraded in the Government's proposals.

Mr Robert Syms (Poole) (Con): I am listening carefully to the right hon. Gentleman. Can we be clear about the Labour party's position? Do you oppose the CPI? Do you oppose it just for this year—or are you in favour this year and next year, but want to go back to the RPI in a future year?

Stephen Timms: There is a persuasive case for making a change to CPI uprating for a period of time while we are tackling the deficit. However, I do not agree that that should be a permanent change. That aspect of the Government's proposal is very damaging.

Jane Ellison: Does that mean that in the Labour manifesto for the next general election, the Labour party will commit itself to reverting to RPI?

Stephen Timms: The whole country eagerly awaits the next Labour party manifesto, but I must urge the hon. Lady to be patient on that front.

We welcome the 4.6% increase in the basic state pension this year, for which the order provides, in line with RPI for next year, not the triple lock or the lower CPI. But this is something of a smokescreen to cover up the true nature of the Government's intentions, which we have been able to smoke out a little in this debate.

Why does the Minister think that CPI would be a better measure of inflation for pensioners than RPI? I am yet to be convinced of that. For pensioners and low-income families, a strong argument can be made that average inflation is more than either RPI or CPI, because of fuel and food. That point was certainly made in the representations that many of us will have received in recent weeks. In opening the debate, the Minister mentioned the views of the Royal Statistical Society. In its letter to my hon. Friend the Member for Leeds West, it said:

"while the consumer price index (CPI) is acceptable for macroeconomic purposes and for international comparisons within the EU we do not believe its coverage is generally appropriate for inflation compensation purposes".

That looks like a strong criticism by the society.

Guy Opperman (Hexham) (Con): When answering the question asked by my hon. Friend the Member for Poole (Mr Syms), you said you would—

Madam Deputy Speaker (Dawn Primarolo): Order. All hon. Members are doing this, not just the hon. Gentleman. When addressing the shadow Minister, if they refer to him as "the right hon. Gentleman", we will not have the problem of whether the Chair is planning the election manifestos of all the political parties for the next election.

Guy Opperman: The right hon. Gentleman mentioned "a period of time". How long would that be?

Stephen Timms: If that were the proposition, we would be happy to debate it and consider it, and perhaps work with the Government on it. Sadly, that proposition has not been made. The proposition before the House is that the change should be made for ever, and that is what I object to. It is not just me: the Civil Service Pensioners Alliance—

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): I had not planned to intervene, but I wanted to tease out the right hon. Gentleman's meaning. He is being a little disingenuous, so I invite him to be a little clearer. He knows that commitments are made for a Parliament, at most, and that if there were to be a change of power, the next Government could do whatever they want. He talks about "for ever", but decisions can be made at the next election. Can we tempt him to say on behalf of his party that during the lifetime of this Parliament—or perhaps for one year or two years—it supports the change to CPI? Or is he saying that his party utterly detests the change and will not support it?

Stephen Timms: The Secretary of State is putting a different gloss on this from the one that the Pensions Minister put on it. I asked the Minister directly whether this change was intended to be permanent, and he confirmed that. The Secretary of State suggests that it would be only for this Parliament—*[Interruption.]* Well, I am anxious to establish the Government's position. We have had two contradictory positions set out now—

Mr Duncan Smith: The right hon. Gentleman may have failed to understand my point. The Opposition are not in government, by definition, and they have to decide what they will do in this Parliament. What is his position in this Parliament? We have said that the change is permanent. Do they support that for this Parliament or not? Do they support it for a year, two years, three years or four years? What is their position on CPI? All we need to know is whether they support it for this Parliament.

Stephen Timms: Well, the Secretary of State has shifted back a little way towards the Minister by suggesting that the Government view the change as permanent. As for the view of my party, I simply refer the Secretary of State to what the leader of my party has said, which is that the suggestion that the change should be made for a period—perhaps up to three years—would be something that we could consider. If that proposition were on the table, we would be happy to consider it. But sadly it is not. As we have heard from the Minister—and as I think the Secretary of State has now reluctantly confirmed—the Government's intention is that this arrangement should be permanent. That is what I strongly object to.

I was just about to refer to what the Civil Service Pensioners Alliance said. It

"firmly"

rejects

"the assertion that the CPI is a 'better' measure of inflation for pensioners."

It urges the Government

"to take account of the advice of their own statisticians before embarking upon a change which will adversely affect the incomes of pensioners for the rest of their lives and not just for the term of the current financial crisis."

Age UK has made a similar point.

All the main public service schemes are contracted out of the additional state pension. Of course, in the current climate we need restraint over public sector pay and pensions, but one group that the proposed permanent change will hit particularly hard is those who serve in the armed forces and their dependants, who rely on their pensions at an earlier age than almost anyone else. A permanent switch would, as I understand it, mean that somebody who had perhaps lost both legs in a bomb blast in Afghanistan could miss out on half a million pounds in benefit and benefit-related payments over the rest of their life. War widows, too, will lose out severely. For instance, if this change were made permanent, the 34-year-old wife of a staff sergeant killed in Afghanistan would be almost three quarters of a million pounds worse off over her lifetime.

If Ministers are going to pursue this policy, they need to explain why those serving in Afghanistan—already in some cases, as we have heard in the last few days, facing redundancy of which they were informed by e-mail—should see their pensions reduced for the rest of their lives compared with the expectations that they have had until now, and why—

Steve Webb: The right hon. Gentleman has raised a serious point. I think both sides of the House would be united in our respect and admiration for our forces and our forces veterans, but surely the issue is that we pay decent forces pensions, not that we choose to measure inflation in a particular way. Those are two quite separate issues. There is the adequacy of forces pensions and there is the proper measurement of inflation, but to conflate the two seems confusing.

Stephen Timms: In opening the debate the Minister accepted that in 15 years out of 20, CPI uprating is less than RPI uprating. My point is that those serving in Afghanistan have been contributing to their pensions on the understanding that their pensions, when in payment, would be uprated in line with RPI. Now the Government are saying, "No, they won't; they'll be uprated by a smaller amount," and that is a very worrying development. In view of the sympathy that the Minister has expressed for people in that position, the Government must give further thought to this matter—why war widows, who have had the person most special to them taken away, deserve to have the support that they would otherwise have been able to depend on cut as well.

John McDonnell (Hayes and Harlington) (Lab): May I, through my right hon. Friend, give the Minister an opportunity to respond to a question? Is it not clear that as we identify anomalies like this—and they are bound to arise—it is important for the Government to introduce corrective measures fairly quickly?

Stephen Timms: Yes, there are some serious problems here, and I hope we will hear responses to them. I pay tribute to my hon. Friend for the work that he has done on this subject, and I hope that the Government will think again.

The Welfare Reform Bill, which was published this morning, touches on a number of the points that the Social Security Benefits Up-rating Order also touches on. One of the Government's original proposals, which Opposition Members strongly opposed, was to cut housing benefit by 10% for people in receipt of jobseeker's allowance for one year. We were all absolutely delighted this morning to hear the Secretary of State say that the Government have reconsidered their position and will not implement that draconian cut. We understand from newspaper reports that the change was brought about as a result of pressure from the leader of the Pensions Minister's party. The Minister himself may well have had a hand in bringing about that change. If so, I—and many of us—would want to join in congratulating him on his success against the views of the members of the other coalition party, particularly, perhaps, the views of those serving in the Treasury.

As the Minister is on a bit of roll, may I suggest that he go further in changing the Government's proposals? Under the existing system, most out-of-work benefits are subject to savings limits—currently £16,000, but the Government intend to extend that threshold to in-work benefits as part of the universal credit, and I notice that that threshold is not uprated in the order before us. Under the proposed limit, in future anyone in work who would be entitled to tax credits but has savings of more than £6,000 will have their payment reduced. Those who have savings of more than £16,000 will lose their entitlement to tax credits altogether.

According to calculations by the Social Market Foundation, 400,000 families with children, who are now in receipt of tax credits, would be punished for having £16,000 in the bank by losing all their tax credits. For example, anyone saving up for a deposit to buy a

home would suddenly find that they had lost all their tax credits as a punishment for having £16,000 in the bank. Such families would have been doing the right thing, working and saving their money, perhaps to put down a deposit on a house. For many such families, putting down a deposit will be made not only difficult but impossible. The Opposition cannot possibly support the proposed change, and I cannot imagine that many Government Members would want to see such an extraordinary assault on family savings either. I hope that we shall see another initiative by Liberal Democrat Ministers—we saw the benefits of such an initiative this morning—to persuade the Government to abandon that policy as well.

I hope the Government will also scrap the proposal to remove eligibility for the mobility component of disability living allowance for those in residential care. The order does uprate disability living allowance, and my hon. Friend the Member for Glasgow East (Margaret Curran), who is on the Front Bench today, has been making powerful arguments to the Government about the iniquity of removing that benefit from people simply because they are in residential care. I hope the Government will think again about that, and I am delighted that the Under-Secretary of State for Work and Pensions, the hon. Member for Basingstoke (Maria Miller), who is responsible for that part of the policy, is on the Government Front Bench today.

The Government are signalling today that they intend a permanent shift from RPI to CPI as the inflation measure for uprating benefits and pensions. The Opposition do not support that. It is not right to continue to reduce the incomes of pensioners, widows and those on low incomes long after the deficit has gone. *[Interruption.]* From a sedentary position, the Minister says that we will not vote against the order, but that is because it uprates the basic state pension next year by RPI. Therefore, it does not do what the Government have told us they want to do in perpetuity. The order overrides the policy that he set out today, and no Labour Member would object to uprating the basic state pension by RPI, as that was always the practice under the previous Government—and quite right, too. As the Minister rightly pointed out, pension credit, which has done an enormous amount to reduce pensioner poverty in the UK since its introduction, will also be uprated accordingly, and we support that as well.

Jane Ellison: As the right hon. Gentleman has opened up the debate about other welfare payments, I shall have one more go at my question before he concludes his remarks. Given the scale of the welfare bill and the fact that we are weeks away from when the Opposition's deficit reduction plan would have commenced, will he please comment on how he would reduce that bill if he were running affairs?

Stephen Timms: On a number of occasions during the debate I have made the point that there is a case for temporary lower uprating to contribute to reducing the deficit. My objection is to the permanent character of what is being proposed, and I hope the House will not support it.

The order does not uprate the basic state pension by CPI or by the triple lock; it overrides that, and increases the payment by RPI. I do not expect Labour Members to object to that, but the move to commit to CPI uprating and to make the change permanent, not just while the deficit is being reduced but in perpetuity, is what we object to, and we will be working hard in the months ahead to try to persuade the Government that their policy on that is wrong.

2.40 pm

Jenny Willott (Cardiff Central) (LD): Like the right hon. Member for East Ham (Stephen Timms), I refer to the Welfare Reform Bill, although we are debating the uprating orders. With the introduction of the universal credit when the Bill becomes law, the complicated changes that we are processing in these orders will become a thing of the past, which I think we welcome on both sides of the House. It will be much simpler for people to understand their entitlement to benefits, and there will be a much better deal for many people who are in receipt of working-age benefits.

Rachel Reeves (Leeds West) (Lab): The hon. Lady says that we will not debate uprating in the future, but because the Government have reneged on the universal pension, we shall be debating uprating for pensions every year.

Jenny Willott: I shall clarify my remarks in case anyone misunderstood me. I said that we will not be debating complicated uprating changes every year. Clearly, there will still be a debate every year, I assume, on the uprating of benefits; I should hate to think they will be frozen in future. I shall talk about pensions later in my remarks.

According to the Institute for Fiscal Studies, the universal credit will mean that 2.5 million families will be better off. They will get more money, which will in time help to reduce the total benefit bill by making it more worthwhile for people to get work and remain in work and off benefits. That should generate support on both sides of the House, as it is something we all want families to do.

As well as an improvement in prospects for those on working-age benefits, as the Minister said, this morning the Government introduced changes that will make a significant difference to pensioner incomes. The level of pensioner poverty in the UK is a complete disgrace in a civilised country. During the shadow Minister's remarks, it slightly got me that he seemed to criticise the Government for not sticking to the CPI increase for pensions and going for a larger increase in pensions this year. In 2000, the previous Government were happy to see an increase of only 75p in the state pension, which most of us found stingy, measly and completely unforgiveable. At least, this Government are tackling pensioner poverty and are willing to do something serious about it.

Labour's efforts to lift older members of society out of poverty resulted in a massively complicated, overly bureaucratic system based on means-tested benefits that has left 2 million pensioners still living below the poverty line. Clearly there is something wrong with the current system, so I am delighted that real progress is being made to safeguard the value of the basic state pension. Current pensioners will now be protected by the triple lock, which is welcome. I am delighted that a Liberal Democrat manifesto commitment is being implemented by the Liberal Democrats in government. What we promised we have delivered, and the state

[Jenny Willott]

pension will increase by earnings, 2.5% or CPI, whichever is greatest. People over the age of retirement will have the protection they deserve. As the Minister said, the amount can be quite significant. We are talking about £15,000 over a person's lifetime, which will make a significant difference for a large number of pensioners and will, I hope, have an impact on pensioner poverty.

I am glad to see that change. However, I believe that we are still building up problems for future generations of pensioners. Current pensioners' circumstances will improve significantly, but the ticking pension's time bomb was not tackled by the Labour Government or by previous Governments. I would like the current Government to take the bull by the horns and ensure that we do not end up with a problem in decades to come. Far too many people are not saving for retirement. Auto-enrolment will help in that regard, but people need to know that it will pay to save. We must reduce the amount of means-testing to ensure that people know that, if they save while they are working, it will benefit them in retirement.

We have an uncertain jobs market. There are no more jobs for life. Occupational pension schemes are closing at a terrifying rate. Many occupational schemes are defined-contribution, rather than defined-benefit, and far less generous. Even with the triple lock, problems will increase. I would be grateful if the Minister told us what the Government plan to do in the long term to tackle the time bomb. The triple lock will make a significant difference, but we need to look at the whole pension system to ensure that we reform it in decades to come so that it is more appropriate to the needs of society.

Clearly, a big issue is the move from RPI to CPI. I understand why people are concerned about that, but I say to pensioners who are worried about the impact on their basic state pensions that they will be protected by the triple lock. As the Minister made clear, the majority of people on public sector pensions will be protected from a potential reduction in their long-term benefits by the triple lock on the state pension, so they will end up better off in the long term. The impact on people will not be as great as many Opposition Members have said it will be.

I can see that benefits come with the change to CPI. It is more stable. It means that we will not face issues such as the one that arose last year when benefits were frozen, which caused significant hardship for many millions of people. CPI is also a more appropriate system as 70% of pensioners own their homes outright. As the Minister said, there is a negative impact for those pensioners as the rate of mortgage interest is taken into account under RPI. They do not benefit in any way from the massive fluctuations that that can generate in their pension increase.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): One of the big concerns is that the Royal Statistical Society has said that the CPI is not a good measure for pension inflation. The differential impact of that measure is causing many Opposition Members concern.

Jenny Willott: I thank the hon. Lady for her comment. The issue is likely to be taken up by the Minister in his summing-up because, from his comments from a sedentary position, he seemed to disagree with similar comments by the shadow Minister. I do not have a copy of the whole quote in front of me, but I am sure that he will be able to fill the House in on that and respond to her question later.

Kate Green: Does the hon. Lady accept that CPI is not a good measure for most working-age households precisely because of its exclusion of housing costs?

Jenny Willott: As I understand the way in which that relates to working-age households, people who are on benefits are much more likely to be living in social housing and so will not face large fluctuations in mortgage costs. For those of working age who are on benefits and do have mortgage costs, there is a lot of assistance from the state. They are not bearing the full brunt of mortgage interest fluctuations because a lot of that is borne by the state. Therefore, I believe that CPI relates appropriately to that group, too.

The financial implications, over this Parliament and beyond, for the Government of the difference between CPI and RPI have been discussed a lot today. We are in very difficult financial circumstances and the Government have had to make some extremely difficult financial decisions. The Minister has laid out why the Government believe that CPI is the right measure to use, but the financial benefits of that for the Government coffers are significant. By introducing the triple lock, the Government are protecting the most vulnerable pensioners. The people potentially most penalised are being protected, while the amount of money saved is quite significant and will help the economy to grow in future.

The shadow Minister, the right hon. Member for East Ham (Stephen Timms), eventually made it clear that the Opposition will not vote against the orders and will support the changes and the uprating, which seems to suggest that they understand the logic and agree with the overall decision. Whether it be for the moment, for three years or until the next Parliament, I am not entirely sure, but it is good to see it when occasionally agreement breaks out across the House. It is also good and quite a novelty to see Labour Members finally supporting measures that will save the Treasury some money. If they plan to return to RPI in the future, I look forward to seeing how they plan to find the billions of pounds that will be necessary to implement it.

I congratulate the Government on introducing the triple lock for pensioners, which is a significant step forward. It is also pleasing for me as a Liberal Democrat to see a manifesto commitment implemented.

Hywel Williams (Arfon) (PC): The hon. Lady is generous. She has mentioned the triple lock many times. Is she at all concerned about the ratcheting effect of implementing it, which has been a consideration in the past?

Jenny Willott: I would have thought that being too generous to pensioners was a good thing.

Hywel Williams: I am unconcerned about it being too generous. When the ratcheting effect was considered in the '80s, when Barbara Castle presented her proposals for pensioners, I was supportive of her, but concern was expressed in the House at the time.

Jenny Willott: Like the hon. Gentleman, I was not a Member of Parliament at the time, but I would have expressed my disagreement with those views. Pensioners are among those in society with the lowest incomes, so they are most in need of protection. Anything that prevents them from falling even further behind, as they have over the past few decades, is a good thing. Since the link to earnings was taken away under the previous Conservative Government, pensioners' incomes have fallen significantly behind. Pensioner poverty is still at a disgraceful rate. I am glad to see measures being put in place today that will start to tackle that problem and stop pensioners falling further behind the rest of society.

Sheila Gilmore: Does the hon. Lady not accept that pensioner poverty was substantially tackled by the Labour Government, as pensioners were among 1 million people lifted out of poverty by their policies?

Jenny Willott: I absolutely accept that the previous Labour Government tried to tackle pensioner poverty by introducing pension credit, guarantee credit and so forth. However, the system they introduced has had a number of unintended consequences. It was so complicated that millions, or at least hundreds of thousands, of pensioners did not apply for the benefits to which they are entitled. The system is so degrading and complicated that they do not receive the benefits due to them. These are people living below the poverty line who are among the most vulnerable in our society.

Another unintended consequence of the system is that when people are working, they do not know whether they will end up better off when they retire. The system acts as a disincentive for people on low incomes to save. With auto-enrolment into pension schemes, I would like to see the means-testing taken out of the system so that people know that every penny they save when they are working and earning low incomes will benefit them in retirement. That is preferable to ending up being trapped, as a number of people are, in the pocket between those able to get means-tested benefits and those who are not. Although a lot was done under the Labour Government, the unintended consequences have, I feel, been quite damaging as well. The Office for National Statistics says that more than 2 million pensioners live in poverty; for me, that is far too many and I would like to see the problem tackled further.

Sheila Gilmore: Do I take it from the hon. Lady that she would support the raising of the basic state pension to the level of pension credit for everyone? Does she accept the consequential decisions that we would have to take as a society about the level of taxation appropriate to support such a change?

Jenny Willott: As the hon. Lady might well be aware, as a Liberal Democrat I stood on a manifesto that said we would like to introduce a citizen's pension, which would result in the basic state pension being lifted to the level of pension credit so that everyone who was retired would be living on a decent pension above, or at, the poverty line, rather than people having to go through the demeaning process of applying to the Government to lift their income above the poverty line. That would also remove the disincentive to save. Perhaps the Minister will say in his summation whether he agrees with me that we should introduce such a citizen's pension.

Given that the Welfare Reform Bill was launched yesterday with proposals to update significantly the system of working-age benefits, will the Minister tell us what the Government will do to update the old-fashioned and outdated system of benefits that go to those of pension age? We seem at present to be able to think imaginatively about changes to benefits and state support, so I hope the Minister will tell us a bit more about what vision the Government might have for older members of our society.

2.56 pm

Dame Anne Begg (Aberdeen South) (Lab): It is nice to see such a large crowd of Members in the Chamber for this debate. I have attended benefits uprating debates for a number of years, and there are usually three people, possibly including one who really likes statistics, sitting somewhere on the Back Benches. As the Minister has suggested, the greater attendance this afternoon is probably a result of the fact that the entire basic indexation of the benefit system is about to change from RPI to CPI.

Benefits uprating orders are all or nothing orders; we cannot pick and choose what we want to be in them. There are bits that Labour Members are not particularly happy about, but we are happy with other bits, and if these orders do not get passed today no uprating will take place, which is the dilemma facing those of us who have concerns, particularly about the move from RPI to CPI for public sector pensions. I think I can speak on behalf of my party colleagues in saying that we will not vote against the motion, but neither will we necessarily vote for it. If the order does not pass, nobody gets anything, and we would not want that to happen.

The Minister is a very clever man, and I found his analysis fascinating. He gave a very clear and logical explanation of why CPI should be used as the inflation measure for indexation; everything fell into place, as we would expect from him. He said it is such a good measure that we are going to use it for public sector pensions, and, if we can get away with it, possibly for private sector pensions and occupational pensions. Apparently, it is so good that we are going to use it for everything except the basic state pension. I have no problem with the fact that the Government are increasing the basic state pension by more than the triple lock would have given, but this undermines the Minister's logical argument as to why CPI is so good. My right hon. Friend the Member for East Ham (Stephen Timms) picked up on this and I would like the Minister to explain his position. Why is the basic state pension going up by RPI, or 4.6%? CPI stood at 3.1% during the period; we are talking about last year's inflation figures here.

I am also delighted that the Government have recognised the importance of pension credit, which was introduced by a Labour Government, and of keeping that increase in line with inflation. Under the Labour Government, it was the pension credit element, rather than the basic state pension, that went up by the higher rate of indexation, because the Government wanted to narrow the gap between rich and poor pensioners and that was the easiest way to make sure the poorest pensioners got the most. Under this new uprating, however, pension credit is not going up by the 4.6% under RPI that the basic state pension is going up by. It is going up by only 3.6%, which is in line with neither CPI nor the triple lock. I am not quite sure where that figure has come

[Dame Anne Begg]

from. I am not complaining that the uprating is not more than it should be, but perhaps it is less than the Minister was led to believe.

We can see from last year's figures and the indexation that we are looking at a CPI of 3.1% and an RPI of 4.6%. That is one third less. Many people are concerned about the compounding effect of CPI over the years on their take-home pension.

Stephen Lloyd (Eastbourne) (LD): Does the hon. Lady agree that even under CPI, because the coalition Government are linking it with earnings, that would be the equivalent over a full term of an additional £15,000 to someone's pension pot?

Dame Anne Begg: But that is assuming that the only income that pensioners have is the basic state pension, which is not the case. Most pensioners supplement the basic state pension with an occupational pension or, if they worked in the public sector, with a public sector pension. That is where the Government have sometimes missed a trick. In obsessing about the triple lock and the basic state pension, they have taken their eye off the ball with regard to all other pension income.

Because other pension income will be reduced as a result of the link with CPI, many pensioners will find themselves worse off, or certainly not as well off as they expected or as the rhetoric from the Government would suggest. To listen to the Government, one would think they are doing everything that pensioners ever wanted, whereas they have taken action only on the narrow area of the basic state pension.

We already know that inflation is going up. VAT went up, thanks to the Chancellor. The Opposition expect inflation to go up much further because we do not think the Chancellor has the right policies. We know from the most recent inflation figures for January this year that CPI is now up to 4%—good news, one would think, for pensioners—but RPI is up to 5%. It is that differential that will cause problems.

We are considering not just pensions, but uprating for the whole benefits system. Even the Minister must recognise that there is an enormous irony in using CPI to uprate housing benefit—CPI being the one inflation measure that does not include housing costs, notwithstanding the point that the hon. Member for Cardiff Central (Jenny Willott) made about the poorest people being in social housing. That is not the case in cities such as London, and it is not the case because of the shortage of housing.

We know that large numbers of people are dependent on housing benefit—or, more accurately, local housing allowance—and they will be hit. When the Select Committee on Work and Pensions looked into the matter, we thought there were some figures to show that within a very short time nobody on housing benefit would be able to afford houses in the private rented sector that fit into the 30th percentile.

Steve Webb: For the avoidance of doubt—this has been said incorrectly twice in the debate—the CPI includes rent, so it is owner-occupiers' housing costs that are not included. As rent is included in CPI, it is entirely appropriate to index housing benefit by it.

Dame Anne Begg: CPI is still much less. Perhaps the average is taken from rent overall, not only in the private rented sector. That is where some of the differential might come from.

Jeremy Corbyn (Islington North) (Lab): My hon. Friend has made an important argument about the level of rent increases, particularly in the private sector in London, where rent increases and demand go up by far more than any rate of inflation or any other measurement. The Government's cap on housing benefit has the perverse effect of driving many of the poorest people out of central London because they will not be able to meet the rent demands and normal costs of living within the global cap on benefits.

Dame Anne Begg: My hon. Friend is right. There is a triple whammy on people who live in London in high rent areas: the local housing allowance is to be capped, possibly below the level of the rents; they will have access only to houses within the 30th percentile; and they will not see the inflationary increases in the indexation of their housing benefit to meet those conditions. They will be hit more than once with regard to the affordability of their rents. That certainly came over loud and clear when the Select Committee looked at what was happening to local housing allowance.

The effects of the Welfare Reform Bill have been mentioned. The universal credit will make it difficult to project benefit uprating into the future to work out what percentage of their incomes people are likely to loose. There will be no straight line from the current benefits to the universal benefit, because they will be mixed up. It is difficult to see what will happen. The compounding effect will probably be seen in pensions, particularly for those in receipt of the state pension, and the level of pension will be less.

In reply to my hon. Friend the Member for Eastbourne (Stephen Lloyd)—I am sorry, Madam Deputy Speaker; I always refer to fellow Committee members as hon. Friends—I said that the assumption is that the largest part of a pensioner's income is the basic state pension, but we know that for many people that is not the case. Even if the state pension makes up a large part of their pension, it is often not all of it. Many people on the lower pension are dependent on SERPS, which of course will now be moving up in line with CPI, rather than RPI.

On the basic state pension, I accept the Minister's figures indicating that it will rise from £97.65 to £102.15, an increase of around £4.50 a week. No one would say that that is wrong, because we all agree that £234 a year is great. However, the average public sector pension of £7,800 will be reduced by around £117 because of the difference between RPI and CPI. I am not very good at the arithmetic, but that means that instead of getting a rise in income of 4.6%, the people affected will get a rise of less than 2%. It is a rise, but it is not as much as they were expecting, and we must remember that we are living in a time when inflation is increasing.

A woman who receives the average local government pension of £2,600 will be £40 worse off than if her pension had been linked to RPI. If she has paid the small stamp, she might get no extra money through the basic state pension anyway, not even the compensatory increase in it. She might not have made full contributions

and so will get some of it, but not all. The Government's proposal is unfair to pensioners, and it is particularly unfair to women.

My right hon. Friend the Member for East Ham has already mentioned the particular unfairness of raising the state pension age to 66 by 2020. To be clear on the Opposition's position, we have no qualms about raising the state pension age to 66 in principle, but we are concerned about the speed with which the Government are doing so. That overrides what was already in place for women who were born in the 1950s, who were going to see their pension age rise to 65 by 2020 anyway.

Women who began their working lives expecting to get a state pension at 60—that happens to include me—will now have to wait another six years for it. On a quick calculation, that will save the Government £32,000 on today's basic state pension. It will come out of the pockets of women who are roughly my age and will stay with the Government. We will have to increase the indexation an awful lot more to make up for the £32,000 that those women will lose as a result of the increase in the state pension age by six years.

I appreciate that the measure whereby women born in 1955 would have to wait until 2020, when they were 65, to receive their income was already in train, but what about the women born between 6 October 1953 and 5 April 1955, who had already made all their financial plans but will now have to work for more than one further year before they can receive their basic state pension? The Minister has said on numerous occasions that that measure alone will save the Government £10 billion. All that is a win-win for the Government: the Government win, because they do not have to pay the money out, and because they have changed the indexation. The people who lose are those who expected to receive their pensions at a certain point, and in this case those people are women.

I would understand the Government's rationale if the measure was part of their deficit reduction plan, but they have already said that they intend to get the deficit off the books in four years' time, and none of this stuff comes in until after the deficit is meant to have been reduced, so it cannot be part of a deficit reduction plan. The Government should be more honest. We have heard that the change to CPI is going to be permanent, so they should say, "We're doing this as a long-term measure, because we want to save money." That is part and parcel of what the Government are about: saving money.

Steve Webb: The hon. Lady is a thoughtful person who will know that there is an issue of short-term deficit reduction and an issue of the long-term sustainability of the public finances. Leaving aside the £1.3 trillion of public debt, which will still exist and need to be dealt with even when the deficit is no longer adding to it, does she not accept that the Office for Budget Responsibility has challenged the Government to do something the previous Government did not do and get a grip on the long-term sustainability of spending, particularly on older people?

Dame Anne Begg: My right hon. Friend the Member for East Ham claimed that there might be a case for deficit reduction in the short term. We are considering women and the accelerated increase in the state retirement age to 66, however, and, in terms of the 50-year pension policy and the long term, why could not the Government have waited another year or even two before equalising the state pension age at 66? The Minister keeps bandying about the £10 billion figure, but in terms of equity and fairness it would have been much more sensible if the Government had taken a long-term view. Theirs is a very short-term view, meaning that a large number of women—half a million—will lose out.

The Government could have introduced a measure that people considered fair, rational and part of a long-term decision to ensure that pensions are affordable, and it is ironic that, while they have made the decision on equalisation, they have forgotten about the long-term sustainability of the basic state pension. They have done so because the Liberal Democrats had an election promise—the one they seem to have kept to, when they have managed to ditch all the others—that was all to do with the triple lock. The Minister will not accept this point in the Chamber, although he might do privately, but the triple lock debate has skewed the Government's entire pension policy. We are not looking at the issue in the round or over the long term, when perhaps we should be.

We do not know what inflation will be in years to come, so in the private and public occupational pensions sectors in particular it is difficult to work out exactly how much people will lose compared with what they expected to receive. Lord Hutton, in his interim report, thought that on average they would lose up to 15% of their pension's worth, but I have seen lots of other figures for, and various calculations of, what a pensioner would have expected if their pension had been linked to RPI as opposed to CPI.

This measure cannot just be about paying off the deficit, because we know that the big-time savings kick in well after the Government propose to have paid off the deficit. The Government will win, but the people who will lose are, unfortunately, the pensioners of this country.

3.14 pm

Rehman Chishti (Gillingham and Rainham) (Con): I very much welcome these initiatives by the Government, as they will help to improve the quality of life of the elderly, who have given so much to our society, and that of the most vulnerable in society. It is absolutely right and proper that we help those who are most vulnerable.

I believe that the Government are right to use one index for uprating additional state pensions, public and private pensions and social security benefits, and that the consumer prices index is a more appropriate measure of changes in the cost of living than the retail prices index. The CPI is the headline measure of inflation in Great Britain, forming the target for the Bank of England's Monetary Policy Committee. The CPI excludes mortgage interest payments, which are not relevant to the majority of pensioners and benefit recipients. In fact, only 7% of pensioners have a mortgage, and working-age benefit recipients can get help with their housing costs. The methodology used to calculate the CPI takes into account the fact that many people tend to trade down to cheaper goods when prices rise; the RPI does not do that. That comprises a significant portion of the gap between the CPI and the RPI. In terms of population coverage, the RPI excludes the significant group of pensioner households who receive 75% or more of their income from the state; the CPI includes them.

[Rehman Chishti]

The intention of indexing benefits and pensions is to protect their purchasing power, not to give the highest increase possible. Increases in line with growth in the CPI maintain benefit and pension value and put the system on a more sustainable footing, allowing the Government to focus help where it is needed most.

Sheila Gilmore: If the change to the CPI is such a good move, why are the Government running scared of using it as part of the triple lock for the basic state pension this year and picking another figure out of the air in order, presumably, to make pensioners feel better about what is happening?

Rehman Chishti: The hon. Lady raises an interesting point, which I think was dealt with by the Minister. She refers to pensioners getting the right deal from the triple lock. It is important that we listen to what people in the third sector, not only politicians, say about how this will affect people. I have here a quote from Age UK's charity director, Michelle Mitchell:

"We are delighted the Government is introducing a 'triple guarantee' to raise the basic state pension from April, and also a matching increase for Pension Credit which will help the poorest in later life."

Stephen Lloyd: I take my hon. Friend's point entirely. Does he agree that one of the profound advantages of the triple lock is that we will not have the deplorable situation of a few years ago under the previous Government, when pensions were uprated by 50p? There are real advantages to the triple lock: it means that people can be sure that they will have a decent minimum rise.

Rehman Chishti: The hon. Gentleman raises a good and pertinent point. He said 50p, but to be fair to the Opposition, I think that it was 75p. Even so, it was totally unacceptable. If we link that to other things that happened to pensioners and the elderly—for example, the closure of so many post offices that were a lifeline for them—it is clear that the overall package under the previous Government was completely unacceptable. This measure goes a long way towards improving their quality of life.

It is estimated that the average person retiring on a full basic state pension in 2011 will receive £15,000 more in basic state pension income, and that can only be a good thing. In the light of what I have described, it is absolutely right and proper. I fully support the move to the CPI and the wider package that the Government are putting forward.

Looking at the time and applying the principle that brevity is a virtue, not a vice, I will end my remarks.

3.18 pm

Hywel Williams (Arfon) (PC): I begin by welcoming the Government's change of mind on housing benefits. If that had not happened, there would have been a disastrous effect on constituencies such as mine which have high unemployment rates and slim prospects of people finding a job within a year. There will be a general welcome for that. I wanted to say that because I have campaigned about it in the past, as have many of my constituents.

I should like briefly to refer to correspondence from pensioner constituents who are concerned about the change from RPI to CPI. At the very least, there is a problem of perception. People see that RPI for the third quarter of 2010 was 4.6%, whereas CPI was 3.1%. They see that the current rate of inflation under RPI is 5.1% and that it is 4% under CPI. Clearly, people are worried. People have made long-term financial decisions on expectations that might not be realised. I raised the triple lock in an intervention and I do not want to discuss it in detail, but I worry about its longevity because of concerns that have been expressed many times in the past.

I have received correspondence about CPI and RPI from the Public and Commercial Services Union, the Civil Service Pensioners Alliance, Age UK and my constituents. My attention has been drawn to some statistics and I would like to read them into the record. The PCS states that using the base of 1988, had CPI been used to uprate a £10,000 pension, its value now would be £18,035, compared with £20,935 under RPI—a difference of 16%. A pensioner on the median public sector pension of £5,500 who has been retired for 20 years would now be on £4,845—a loss of 12% or £655. It is those sorts of figures that worry people.

Obviously, CPI has been higher than RPI in some years—1991, 1993, 1996, 1999 and 2008—but the Treasury itself reckons that over the next five years, RPI will consistently be higher than CPI. Perhaps that is because of the predicted steeper rises in housing costs. I refer the House to table C2 in the Budget Red Book, which puts the overall change to 2016 of CPI at 13.7% and of RPI at 22.1%. That is a substantial difference. Of course, a gloss has been put on, but I will not go into that at the moment.

Naomi Long (Belfast East) (Alliance): One argument for the change to CPI is that many of those in receipt of a pension are insulated from fluctuations in housing costs because they are not paying a mortgage. However, does the hon. Gentleman agree that they often have other private housing costs that are not reflected in CPI, such as insurance costs and the depreciation of their properties?

Hywel Williams: That is a valid point. Of course, the variation across the country is quite substantial. I refer again to my own constituency, where there has traditionally always been a very high level of owner-occupation. There are older people who own their houses, but in other areas people are still paying off their mortgages. The figure of 7% has been mentioned—that is a lot of people who will be hit.

Sheila Gilmore: Does the hon. Gentleman agree that that figure might well grow in future? Given the level of borrowing that many people have made to buy properties, and that a lot of people are buying at a much later age, many more people are likely to move into retirement with a mortgage still to repay.

Hywel Williams: That is a very good point. Indeed, I think I might be one of those people. I understand that the average age of the first-time buyer is now 38. These are valid worries that people have.

The arguments on RPI and CPI have been well rehearsed this afternoon so I will not go further into them. I have a great deal of respect for the Minister and I think he would agree with me and many other people that what we need is a bit of calm and consensus on pensions policy—something that has been lacking for 25 or 30 years. I worry that this change will not lead to consensus and that he might have fallen in with a bad lot.

3.24 pm

Gordon Henderson (Sittingbourne and Sheppey) (Con): A lot has been said about CPI and RPI, but I will avoid the technical aspects of that and restrict my comments to two others.

First, my hon. Friend the Member for Cardiff Central (Jenny Willott) mentioned that it was a Conservative Government who many years ago broke the link between the basic state pension and earnings. I was one of few Conservatives to oppose that at the time. About 11 years ago, when I was the parliamentary candidate in Luton South, I went to see the late Jack Jones, who was president of the National Pensioners Convention, to offer my support to the campaign to restore the link. Jack, sitting at the other side of a desk, was astounded that a Tory had come to offer his support, and he said, "Gordon, I really appreciate that you're backing me, but I have to tell you, son, you're never going to get your party to agree to restore the link." Jack died a couple of years ago, and I wish he was alive today to see that a Conservative-led coalition is restoring the link.

That is long overdue. I shall not make any partisan points about the previous Government not delivering, because looking after our pensioners is beyond party politics. When I supported the pensioners way back in 2001, I was one of few parliamentary candidates who went into the election wanting to restore the link—I was certainly the only such Conservative candidate—but it was not Labour party, Conservative party or Lib Dem policy at that time. I am delighted that we have moved on and that we will restore the link.

I am even more pleased with the Government, because many of the pensioners in my constituency did not want us just to restore the link to earnings, because RPI is sometimes higher than earnings. Jack Jones mentioned that too. We then started campaigning not for the restoration of the link with earnings, but to ensure that we used whichever of earnings inflation or prices inflation was the higher. As I said, I will not go into the technical differences between CPI and RPI, because the pensioners in my constituency just want a decent increase in their pensions based on the higher measure of inflation. The triple lock now includes the 2.5% stipulation, so if either inflation measure is less than that, the increase will be 2.5%. They welcome that, so I thank Ministers and my coalition Government for delivering on a long-standing promise.

The second aspect of the orders that I want to talk about relates to a problem that is experienced by many women pensioners who have worked in the civil service. I will give one example. One woman who retired early on a civil service pension came to see me in my surgery recently—I have written to the Minister, and hope to get a response some time soon. She had reached the age of 60, and told me that some arcane measure in the civil service pension scheme means that there is a reduction in the amount that is paid once someone starts to receive the basic state pension. I am not sure of the technicalities, but she explained how she was written to way back in November to say that now she was 60, her civil service pension would be reduced, because she was receiving the basic state pension. Of course, however, because she is a woman and the age at which women start to receive their pension is to be higher, she will not start to get her basic state pension until May this year. Although the period is only a few short months, there will be women for whom the gap is a lot longer. I would be extremely grateful if the Minister addressed that point when he winds up. I listened carefully to his opening remarks, and I thought that he put a very good case for CPI which will help me when I talk to my pensioners. I thank him.

3.31 pm

John McDonnell (Hayes and Harlington) (Lab): I will not apologise for breaking the consensus—although I was about to apologise to the hon. Member for Cardiff Central (Jenny Willott), who welcomed the consensus across the House. I oppose the order, and will seek to vote against it. I do not accept that the installation of CPI will be of benefit in either the long term or the short term. I am grateful that the Government have not introduced it for the basic state pension at least for this year, but its installation across all the other benefits will result in detriment. To take £6 billion out of the payments to the poorest in our society is unacceptable. My hon. Friend the Member for Aberdeen South (Dame Anne Begg) said that the order is indivisible, so by not voting for it we would prevent other overall increases from going ahead. However, it is not beyond the wit of any Government to introduce another order within hours—or at least days—that could amend what is in this order to enable us to get some justice for pensioners.

I am reticent about criticising the Minister. I think that I have moved a Budget amendment on restoring the link with earnings every year for the past 13 years, and I think that we walked through the Lobby together on an annual basis in that endeavour. I am grateful, therefore, for the restoration of the link with earnings. I know that it was in the Labour party's most recent manifesto to restore the link in due course. I just wish that we had done it earlier, because that would have demonstrated our overall commitment to tackling pensioner poverty. However, I know how much the previous Government did to tackle pensioner poverty. Many people, particularly pensioners and many on benefits, are now living lives so much better than they would have been had it not been for the previous Government's policies.

I was a critic of the extension of the means-testing system. I thought that it was a disincentive to saving and costly to administer. Nevertheless, I welcome what the previous Government did. I still think, however, that in a civilised society it is a mark of shame that reflects on all of us that there are still 2 million pensioners living in poverty, given that we are the fifth richest country in the world. It behoves all parties to tackle this issue. The question has been asked time and time again: how should we do it? For me the answer is straightforward, and expresses an argument that we have been putting forward since the foundation of the Labour party—fairer taxation and redistribution of wealth.

[John McDonnell]

I have listened to the debate on moving from RPI to CPI. We can all marshal different battalions on the field of this debate—quotes from the Institute for Fiscal Studies, the Office for National Statistics, and so on. Most Members will have received through the post this week an assessment of the Government's welfare reform policies by the Social Policy Association. I concur with the chapter in the report by Alan Walker of the University of Sheffield, who states:

"The Government claims that the CPI represents low income groups' expenditure better than RPI but there is no convincing evidence to support this claim and according to IFS (2010) it is the RPI that provides a 'superior' coverage of goods and services."

To some extent, we can dance angels on the head of a pin on this subject. As someone who has studied some statistics in the past, I have gone into the debates on the difference between the geometric mean and the arithmetic mean. From that, I conclude that CPI is 0.5% minimum off the calculation compared with RPI. However, there are concerns that the use of CPI will result in a reduction. As my right hon. Friend the Member for East Ham (Stephen Timms) asked, if that was not the case, why would the Government need to try to protect pensions this year? As my hon. Friend the Member for Aberdeen South said, the reduction from 4.6% to 3.1% is nearly one third of people's overall increase. That is significant, so I am pleased that the Government are protecting the increase for this year, but the pensioners in my constituency will be worried about the introduction of CPI for future years.

I remain unconvinced about housing costs, partly because of some of the arguments that have been presented about the 7% of people—that still represents a sizeable number not to be taken into account—who will be affected, who do have housing costs. As my right hon. Friend said, there is an ageing profile of people who are taking on mortgages later in life, so housing costs will become a more significant factor.

In addition, one of the burdens that many pensioners feel in particular is increased council tax. I do not believe that that element is covered by the CPI calculation as it was with RPI.

The hon. Member for Sittingbourne—

Gordon Henderson: And Sheppey.

John McDonnell: I would not want to miss out Sheppey. Let us take the common-sense approach of the hon. Member for Sittingbourne and Sheppey (Gordon Henderson) and ask, "What do pensioners feel like at the moment?" I think that they feel that they are under significant pressure as a result of inflation. The researchers' evidence shows that inflationary pressures hit pensioners harder than the average household.

I am concerned about the shift, which I oppose. It is a momentous shift: it represents one third off an increase. I say to the Minister that this should have been properly debated before the election if it was to be a long-term shift. I can understand, though I do not believe, the argument that when the Government came to power they opened the books and found that they had to introduce emergency measures. However, that is not being argued. It is being argued that this proposal, per se, is the beneficial or right thing to do. If that were the case, it should have been outlined before the election with examples of the implications for pensions and benefits overall. To make this change at this time casts doubt on the motivation for the change from RPI to CPI. We should have been more honest in the debate before the election.

As for the knock-on effects on occupational pensions, I chair the PCS trade union parliamentary group, and we have circulated fairly detailed evidence of the implications for public sector workers. It looks as though, on average, there will be a loss of between £500 and £700 a year. The cumulative effect of that in the long term is significant, and I am grateful that other Members have read its implications into the record.

My right hon. Friend quoted the Hutton report. I take those concerns seriously—a 15% cut, and possibly a consequential cut of up to 25% in the long term. I firmly believe that those are accrued rights—we have had that debate on the civil service compensation scheme—and that people have planned their lives on the basis of what they thought they could expect as a pension in the long term. To undermine those accrued rights is not only wrong and immoral but legally dubious, and there may be challenges to that effect.

The effects spread far beyond that. The right hon. Member for Uxbridge and South Ruislip (Mr Randall) and I have constituents who work at Heathrow airport for British Airways and are members of the British Airways pension scheme. They work for a former nationalised industry, so their pensions shadow what happens in the public sector. We have had letters demonstrating the potential consequences in terms of cuts in their pensions in the long term. Again, the problem came upon them relatively suddenly, and should have been properly explained and discussed before the general election.

My concern now is that the change will have an immediate detrimental effect over the next few years. Like most London Members, and many others, I deal in my constituency surgery with people living in poverty and on the margins of dignity. Any cut, in the short or long term, in their pensions or benefits will push some of them over the edge into virtual destitution. That is why I am anxious about anything that will decrease their incomes. On that basis, I cannot support this order. I understand why some of my hon. Friends do not wish to participate in a vote, but I want to put my opposition on record, because the change will have an impact on my constituents. It will also add to poverty and deprivation in our society—something that any Government should tackle.

We should, collectively, be ashamed of the way in which we have treated pensioners over decades. Our pension is now 16% of average earnings, whereas in France it is 60% and in the Netherlands 82%. Over time and incrementally, we have allowed our pensioners to lose their right to a decent pension, and therefore to a decent quality of life. This order will add to that incremental undermining of the quality of life of my constituents, and on that basis I will seek a Division on it.

3.41 pm

Mike Freer (Finchley and Golders Green) (Con): I wish to correct the hon. Member for Edinburgh East (Sheila Gilmore), who talked about mortgages in retirement.

I come from a financial services background—indeed, I have the scars on my back from being regulated by the Financial Services Authority—and I can tell her that it is virtually impossible to sell a mortgage to someone beyond retirement age. The regulator simply will not allow it.

I compliment the Minister, because it is a pleasure to see a Minister with such a grip on his portfolio. Indeed, it is almost scary to see a Minister in such charge of the detail. I welcome his clarity about the net effect of the triple lock on the lower pension indexation, which means that our pensioners will be better off both today and in the long term.

A key issue is the long-term viability of public sector pension schemes. I tried to press the right hon. Member for East Ham (Stephen Timms) on that point, but I was unable to get a firm response. I hope that the Minister will address the point when he winds up. I admit that my knowledge of pension fund management is a little rusty, as I stepped down as a pension fund trustee some 18 months ago, but one of the key issues facing the public sector is not necessarily the pensioners but the fact that most public sector pensions are structurally non-viable. The contributions simply do not meet the future liabilities. For example, the local government pension scheme for London—and for many of the bodies that are attached to it—is running at 75% to 80% of contributions to future liabilities. That is not sustainable.

I may be wrong, but one of the long-term benefits of the move from RPI to CPI is surely that it would address that structural imbalance between contributions and future liabilities. You cannot run a pension scheme with a 20% gap between liabilities and contributions. You can plug that gap only by reducing the pensions drawn down or increasing the contributions from the employer—in London that means the council tax payer or the taxpayer in some other form—or from the employee. There is no money tree on which the Government can draw to plug the gap in public sector pension schemes. The money can come only from the taxpayer or from the employee. We must address that structural deficit.

Will the Minister confirm that one underlying reason for the change is to address that structural gap between contributions and viability? May I gently ask him to stray beyond his brief and say whether the Government will consider closing the existing defined benefit schemes for the public sector and moving to defined contribution schemes, not only to increase portability but to increase the transparency of what people are getting for their money and, most importantly, increase the affordability of those pension schemes for the public purse?

3.45 pm

Katy Clark (North Ayrshire and Arran) (Lab): My contribution will be brief, but I want to speak because we are taking a momentous decision today. It is very sad, on the day when we are passing legislation that will reinstate the link between earnings and pensions—for which I and many Labour Members have campaigned over many years, and which Government Members have been able to get their Ministers to deliver on—that we are also probably going to pass legislation that will make a very significant, and probably a very long-term, change to the way in which we uprate pensions and benefits.

Today's debate has made it very clear that these proposals are being made not just because of the current economic situation or because of the Government's policy of deficit reduction, but because of the belief on the Government Benches that this is a more appropriate means of uprating. I have always taken the view—the trade union view—that pensions are deferred pay. It is very important that people have certainty in arrangements for their retirement. The decision we are making today will have implications for many of the lowest-income people, who are dependent on benefits, and some of the poorest pensioners.

I have been lobbied by a considerable number of constituents on this issue, but that number is a very small fraction of the number of people who will be affected by these changes and, I suspect, will be very angry when they realise the impact that the changes will have on them. I have also been lobbied by several of the trade unions that represent the affected individuals.

My hon. Friend the Member for Aberdeen South (Dame Anne Begg) mentioned women in the local government pension scheme, who have an average pension of approximately £2,600 per annum and will be worse off by £40 this year if the changes go ahead. They would have been £40 better off if the RPI link had been maintained. According to the trade union Unison, the average person who receives a pension from the local government pension scheme receives £4,100 per annum, and they will be £62 worse off in the coming year if the change goes ahead. A woman who works in the national health service receives, on average, a pension of £3,500; these are not people on high incomes, by any stretch of the imagination, and they will be £53 worse off this year if the change goes ahead.

If we pass the order today, it is likely that next year a similar order will be proposed, and the same approach will be taken for decades. The cumulative effect on the pensions of individuals will be very substantial indeed. Reference was made to figures released by the PCS trade union showing the impact that it thinks the change will have on its members.

These are very considerable public policy issues, about the extent to which we feel it is important as a society—

Jane Ellison: I must press the hon. Lady. She refers to the impact on pensioners, but does she give regard to the impact for the taxpayer of an aspect mentioned by my hon. Friend the Member for Finchley and Golders Green (Mike Freer)—the long-term lack of viability of major pension funds in the public sector?

Katy Clark: The matter under discussion has long-term and considerable public policy implications. Indeed, the Fire Brigades Union informs me that part of Lord Hutton's interim report states that pay freezes and work force reductions will reduce future pension costs. Further, the gross cost of paying unfunded public service pensions is expected to fall from 1.9% of GDP in 2011 to 1.4% of GDP by 2060. If the long-term effect is that we pay less as a society towards pension funds, that will have significant implications for the individuals concerned, who will have less income, but also for the public purse. If people do not have adequate pension provision for their retirement, the state will have to pick up the cost, perhaps in greater benefit bills.

[Katy Clark]

If public policy does not develop in such a way that people employed in the private and public sectors have pensions constructed and funded to be their main source of income in retirement, that will have substantial implications. If the changes go ahead, constituents of Members on both sides of the House will be worse off. No Member should take that lightly, given that inflation is rising and people are facing difficulties. I say to the hon. Lady and to other Members who support the decision that we as a society need to find the funds collectively. We need a public policy that encourages individuals to save for their retirement, but that also puts provision in place to ensure that they have adequate pensions in retirement.

In the emergency Budget in June last year, the Chancellor announced that the change would result in a saving of more than £6 billion a year by the end of this Parliament. There is no doubt, therefore, that the proposal is cost driven. My submission is that, as an ageing society, we need to find ways, collectively and individually, to put more aside for our retirement. We need pensions that are at a reasonable level for people to live on in retirement. If the change goes ahead, fewer people will have pensions that allow them an adequate standard of living in retirement.

3.53 pm

The Minister of State, Department for Work and Pensions (Steve Webb): We have had a worthwhile debate, with some thoughtful and well-informed contributions. I compliment all Members who have taken part, as the issue is important to our constituents. All Members will have received representations on the matter, and Members who are here on the final Thursday afternoon before a recess show their sense of priorities.

I enjoyed the accusation from the right hon. Member for East Ham (Stephen Timms), whom I think of as my right hon. Friend, that the policy is ideologically driven. I have never heard the use of the geometric mean described as ideologically driven. Intriguingly, his position seemed to be that it would be bad to make such a proposal on a point of principle, but that he could support it if it was a temporary expedient because of a financial mess. That is not the position of the Government, whose judgment is that CPI is a better measure of inflation, not a temporary fix. I am grateful that he appeared to be saying that he would support us for three years on grounds of expediency.

Stephen Timms: If CPI uprating is right in principle, why are the Government not doing it this year?

Steve Webb: We are doing it this year for pretty much every benefit in the entire uprating order, which runs to many pages. The ones we are not doing it for are the basic pension and the pension credit. We are not doing it for the basic pension because the budget we inherited provided for a larger increase and we did not want to pay a smaller increase than was planned. If the right hon. Gentleman thinks we should have done so, I will take that advice, but he probably welcomes the fact that we did not follow it.

The Chair of the Select Committee, the hon. Member for Aberdeen South (Dame Anne Begg), indicated that unfortunately she could not be in the Chamber for the wind-ups. She asked why we had chosen a different figure for the pension credit. As I think I explained in my opening remarks, as we were putting the basic state pension up by about £4.50 a week, we did not want the increase in pension credit to be less than that, because the poorest pensioners would not have the full benefit of the pension rise. That was the basis for the increase in pension credit.

The right hon. Member for East Ham asked about the impact assessment on occupational pensions, and I am happy to say a few words about that. In December, we published an impact assessment suggesting a £76 billion impact from the reduction in revaluation and indexation. To respond to a point made by my hon. Friend the Member for Finchley and Golders Green (Mike Freer), one way of looking at that is to see £76 billion less in pensions, but another way is to see a £76 billion boost for British business. We are trying to reduce the regulatory burden on British business, so an advantage of the change—albeit not the purpose—is that major British firms will make a saving, and they and their pension funds will be in a stronger position as a result. Many pension schemes and companies have welcomed the change for that reason.

We discovered an error. We made a mistake, for which I apologise. As soon as we found it, we decided to give the House a revised estimate. In addition, we were asked by the Regulatory Policy Committee to revise the way we calculate net present values; I know that the right hon. Gentleman takes a close interest in such matters, and if he is not careful I shall tell him what it was. To draw the threads together, we reissued the figures last week, ahead of this debate, with an £83 billion estimate. That is a further interim estimate. We then undertook field research, as I mentioned, to ask companies how they will respond to CPI/RPI. We have early results; it would be premature to say what the impact will be, but early indications are that fewer pension funds will take advantage of CPI than we had thought. Such things are complex and there could be factors that move them in the other direction, but my sense is that the final version of the figures is more likely to be lower than the one we have already published, but we thought we should give the latest estimate as soon as we had it.

The right hon. Gentleman raised the important issue of accrued rights. It is a fundamental point and it relates to my pre-election remarks about a pension promise made being a pension promise kept. What is the accrued right of someone in a public sector pension scheme, or any pension scheme? The first point is that everything accrued to date—all the revaluations to date, based on RPI—stand; we are not going back and saying that all the revaluations to date have to be reworked according to CPI. The provision is prospective, not retrospective.

The question then is what future expectation people legitimately have. If they are in a company scheme that has RPI in the rules, we actively chose not to override that. If that was their expectation, because it was in the rules, that is what they will get. However, people in the public sector are members of a scheme whose rules are tied by statute to what we do to SERPS. That is the accrued right they have always had, and we are not changing it. We shall go on indexing their pensions in line with what we do to SERPS each year. That was the pension promise they were made; that is the pension

promise we are keeping. We are indexing SERPS by CPI. I accept that, and I also accept that on average that will be lower than RPI, typically by about 0.8% a year. I do not dispute that. The accrued right is the one we are honouring.

The right hon. Gentleman said in parenthesis that pensioner inflation is typically higher than general inflation. I do not know whether he actually believes that; it was never something his Government took into account when setting pensions. They never uprated pensions differently because of pensioner inflation. There are certainly periods when pensioner inflation is higher when, as the right hon. Gentleman said, the costs of fuel and food are rising faster than the norm, but there are other periods when it is lower. I have asked officials to look at the matter and there is no evidence over a 20-year run that pensioners buy goods that have that inflation time bomb ticking away inside them. There are times when inflation is higher, which may include recently, and times when it is lower, but over the long run there is no evidence for that proposition.

My hon. Friend the Member for Cardiff Central (Jenny Willott) welcomed the restoration of the earnings link, and the triple lock. I am grateful for her support. She quite properly put me on the spot about the future of the pension system. I accept her analysis; we need a pension system fit for the future. If we are to auto-enrol 10 million of our fellow citizens, we need to be confident that it pays to save, and that they will be better off. I assure her that that is absolutely central to our thinking about long-term pension reform. We are making good progress on that project.

The Chair of the Select Committee asked a number of questions. I will respond to one or two on the record, although she has explained why she is not here to hear the response. She kept making the point that the basic state pension is not the only part of a pensioner's income. Of course it is not.

I thought that the hon. Member for North Ayrshire and Arran (Katy Clark) made some sincere comments. She raised the issue of people with relatively modest occupational pensions who will get less under CPI. The state pension is bigger than all of those figures. Every one of the figures she quoted is less than the basic state pension. The package of Government policy on pension indexation is for an earnings link on the basic and a CPI link on the additional. The basic pension of every person she is concerned about is bigger than their additional pension, the earnings link in the long run is worth 2% more than prices and CPI is 0.8% less than RPI. The people she is most concerned about will overwhelmingly benefit from our package of policies. Therefore, I can assure her on that point. Taking the package as a whole, they will be better off, not worse off.

My hon. Friend the Member for Gillingham and Rainham (Rehman Chishti) made an important contribution and pointed out that Age UK, which is very much an independent organisation, was delighted by the triple lock, because it is a historic move to give pensioners the best of earnings, prices, plus 2.5%. I wish only that we were able to do this in a normal year—in 16 of the past 20 years, earnings were greater than prices. People would then start to see the benefit of the earnings link and the triple lock, and in time they will.

The hon. Member for Arfon (Hywel Williams) quoted some civil service pension figures. I make the same point to him. All the figures he quoted, based on average civil service pensions, prove my point. If we take them in isolation, CPI is lower than RPI, but people do not just get their civil service pension—they also get their state pension. We are putting more in through the state pension than we are taking away typically through the additional pension because of the relative sizes and the difference between the various indices. Our constituents write to us and raise the bit they see, but overall the state pension will more than make up for that for the vast majority of people, although not for people with very large pensions.

On the ratchet, I simply accept the hon. Gentleman's rebuke for fiscal irresponsibility. I will take it on the chin and pass it on to the Chancellor for him.

I enjoyed the contribution of my hon. Friend the Member for Sittingbourne and Sheppey (Gordon Henderson) and his account of his conversation with Jack Jones. I am delighted to say that both coalition partners supported that. We needed the Chancellor on board for that one. I regard it as being to the credit of both coalition partners that we have been able finally to restore the earnings link. I am grateful to my hon. Friend for raising the case of his constituent. As he was describing it, I was thinking that I was sure I signed a letter on that the other day, and I gather he has now received it. I apologise to his constituent for the mistake that was made and I hope that that has now been resolved.

The hon. Member for Hayes and Harlington (John McDonnell) perfectly properly says that he will not support the order and that he is against mass means-testing and so am I. A pension system that allows too many people to retire poor and means that they have to be swept up by a leaky safety net is not a good, sustainable long-term pension system. I have set it as my goal to do something about that. We may not agree about these orders but we have common cause on that principle.

John McDonnell: Did the Minister ever consider a quadruple lock so that, earnings or inflation, CPI or RPI, whichever was the higher, would be used?

Steve Webb: We did look at that. Either one could say that what one is trying to do with pensions and benefits is protect pensioners' spending power—that would be a price measure—or one could protect people's position relative to the rest of society, which is an earnings measure. One wants to avoid silly small figures such as 75p, which is where the 2.5% comes from. To say, "But we will measure inflation according to different measures and we will pick the biggest" conceptually does not work for me. We could have done that, but in our judgment the point of revaluation is to maintain spending power fairly for the group in question. Our judgment is that CPI is the answer to that question.

There is a separate question about whether pensions should be higher or lower. In a way, the hon. Gentleman and the hon. Member for North Ayrshire and Arran are saying that we should be paying bigger pensions. It seems to me that that is an entirely separate debate from how we should correct for inflation. That is where CPI comes in.

John McDonnell: There is a point of principle that the Minister and I have argued over the past 13 years at least, which is that, whatever measure is introduced,

[John McDonnell]

there should not be a loss. Having that quadruple lock would convince people that this is at least a way forward, because people would be protected against years such as those five out of the past 20 where CPI was higher than RPI.

Steve Webb: I come back to my point that as the basic state pension is a big part of pensioners' income, particularly for the most vulnerable, we are protecting their living standards overall—they will get bigger increases under this package of indexation than they would have on the basis of a straightforward RPI level alone. I believe we are doing the right thing.

I am grateful to my hon. Friend the Member for Finchley and Golders Green (Mike Freer) for his kind comments and I appreciate the expertise he brings to the debate. He was absolutely right that the idea that large numbers of pensioners will have large mortgages is quite implausible. It is true that 7% have some mortgage interest at the moment, but even those who face mortgage interest will typically have lower average amounts because they will be towards the end of their mortgage terms. Basing an inflation measure on an index that includes mortgage interest seems to me to be quite inappropriate for pensioners. As my hon. Friend pointed out, one consequence of CPI schemes such as the local government pension scheme is that it will help to put pensioners on a more even keel. As he also rightly said, this money has to come from somewhere—somebody has to find it—and this order will have the consequence of getting the systems on to a more sustainable basis. My hon. Friend tempts me on public sector pension reform, but I obviously must not pre-empt what Lord Hutton will say. He will be saying what he is going to say within the next few weeks, so we do not have much longer to wait.

Drawing the threads together, this debate has provided a worthwhile exploration of the issues. Our fundamental point is that the principal order will cost the Government £4.3 billion to protect and enhance the benefits for the people who need them the most. I am proud to commend these provisions to the House.

Question put,

The House divided: Ayes 247, Noes 19.

Division No. 212] **[4.6 pm**

AYES

Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baldry, Tony
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Bebb, Guto
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blunt, Mr Crispin
Boles, Nick
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Doyle-Price, Jackie
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Huppert, Dr Julian
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Lewis, Brandon
Lewis, Dr Julian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Loughton, Tim
Lumley, Karen
Macleod, Mary
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McCartney, Karl
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Ollerenshaw, Eric

Opperman, Guy
Patel, Priti
Pawsey, Mark
Penning, Mike
Percy, Andrew
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Reckless, Mark
Rees-Mogg, Jacob
Reid, Mr Alan
Robertson, Mr Laurence
Rogerson, Dan
Rudd, Amber
Russell, Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Skidmore, Chris
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spencer, Mr Mark
Stephenson, Andrew
Stewart, Bob
Stewart, Iain
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Ward, Mr David
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Wiggin, Bill
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Miss Chloe Smith and Angela Watkinson

NOES

Clark, Katy
Cruddas, Jon
Donaldson, rh Mr Jeffrey M.
Flynn, Paul
Hopkins, Kelvin
Hosie, Stewart
Jackson, Glenda
Long, Naomi
McDonnell, John
Owen, Albert
Pearce, Teresa
Robertson, Angus
Rotheram, Steve
Skinner, Mr Dennis
Smith, rh Mr Andrew
Weir, Mr Mike
Whiteford, Dr Eilidh
Williams, Hywel
Wishart, Pete

Tellers for the Noes:
Jonathan Edwards and Jeremy Corbyn

Question accordingly agreed to.

Resolved,

That the draft Social Security Benefits Up-rating Order 2011, which was laid before this House on 3 February, be approved.

PENSIONS

Resolved,

That the draft Guaranteed Minimum Pensions Increase Order 2011, which was laid before this House on 3 February, be approved.—*(Steve Webb.)*

PETITIONS

Funding for English for Speakers of other Languages Courses

4.18 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I wish to present a petition on behalf of the tutors and students of English for speakers of other languages—ESOL—in Liverpool. The petitioners believe that the proposed changes will have a devastating effect on ESOL provision, ESOL teachers' jobs and ESOL students, particularly those on low wages or on no wage at all.

I am grateful for the support of my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), who is unfortunately unable to be here owing to parliamentary business in Westminster Hall, but is also a supporter of the petition. There are 322 signatures.

The petition states:

The Petition of tutors and students of English for speakers of other languages (ESOL) in Liverpool,

Declares that the Petitioners oppose the proposed changes to the funding for English for speakers of other languages (ESOL) courses in the Government's 'Investing in Skills for Sustainable Growth' document; notes that the Petitioners believe that the proposed changes will have a devastating effect on ESOL provision, ESOL teachers' jobs and ESOL students, particularly those on low wages; and further notes that the Petitioners believe that in Liverpool many students will be left with little hope of improving their language skills and job prospects as a result of the changes.

The Petitioners therefore request that the House of Commons urges the Government not to cut funding for ESOL courses.

And the Petitioners remain, etc.

[P000889]

Protection of Kingswood Green Belt (South Gloucestershire)

4.20 pm

Chris Skidmore (Kingswood) (Con): I wish to present the petition of the residents of Longwell Green, Hanham, Mangotsfield, Emersons Green, North Common, Oldland Common, Warmley, Siston, Bridgeyate, Bitton, Willsbridge, and Kingswood.

The petition states:

The Petition of residents of Longwell Green, Hanham, Mangotsfield, Emersons Green, North Common, Oldland Common, Warmley, Siston, Bridgeyate, Bitton, Willsbridge, and Kingswood,

Declares that the Petitioners are concerned by attempts to build inappropriate development on the Kingswood Green Belt; notes that Green Belt sites at Williams Close, Longwell Green, Cossham Street, Mangotsfield and Barry Road, Oldland Common have faced applications to build housing which has consistently been opposed by local residents, locally elected councillors and the Member of Parliament; notes that South Gloucestershire Council's Core Strategy protects the Kingswood Green Belt; notes that Regional Spatial Strategies responsible for placing local Green Belts at risk will shortly be abolished; notes that the Planning Inspectorate must take the abolition of Regional Spatial Strategies into account as a material consideration when ruling on current appeals; and further welcomes that decisions over future development will be returned to democratically elected councillors.

The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to protect and preserve the Kingswood Green Belt for future generations to come.

And the Petitioners remain, etc.

[P000890]

Housing Benefit

Motion made, and Question proposed, That this House do now adjourn.—*(Miss Chloe Smith.)*

4.22 pm

Jon Cruddas (Dagenham and Rainham) (Lab): I think that I now have two hours and eight minutes in which to speak on the single room rate—only joking. This debate dovetails with the last debate on benefits uprating, as often happens with Adjournment debates, purely by accident. Today, we have also seen one of the most dramatic overhauls of welfare reform in this country. I want to make a few comments on the likely consequences of changes to the shared room rate, sometimes known as the single room rate, proposed by the Government. I do not do so simply to make party political points, but because I am concerned about specific, substantive consequences that might emerge for many young people in this country. My comments echo those contained in a letter dated 2 November to the Minister for Housing and Local Government from 16 of the country's leading organisations providing housing and support services to homeless people.

Today we have seen a significant change in the Government's proposed housing benefit reforms, with the removal, supposedly, of the 10% reduction for those on housing benefit after one year on jobseeker's allowance. I suggest to the Minister that he might like to signal another change on the proposed benefit regulations. I doubt that that will happen, but I know that he will give thorough consideration to my points.

The shared room rate currently applies to single people under 25 on housing benefit in the private rented sector. Local housing allowance claimants who are single, under 25 and without dependants are currently eligible only for sufficient LHA to cover the rent of a single room in a shared house, rather than self-contained accommodation. Under measures announced in the comprehensive spending review, the threshold for the shared room rate will be increased to 35 years of age from April 2012. All single, childless adults under 35 will see their LHA cut from the current one-bedroom rate to the SRR. The Government estimate that 88,000 people will be affected by this change.

The Department for Work and Pensions housing benefit statistics show, however, that in August 2010 120,000 single people aged 25 to 35 years old were claiming LHA. The Minister might want to comment on that in his response, because it means that if the proposal goes ahead an additional 120,000 people will be competing for shared accommodation. That will be an issue not just in inner London, as we often hear in the House during debates about housing benefit changes, or even in outer London; the evidence suggests that it will affect tens of thousands of young—actually, not that young—people up to the age of 35 across the length and breadth of this country.

We know that the SRR causes considerable problems for young people, with many unable to secure or sustain affordable accommodation and left facing shortfalls, arrears and homelessness under the current regime. According to the housing charity, Crisis, the average loss will be £47 per week, with some people seeing their benefit entitlement literally halved.

Even at current LHA rates, the difference between the one-bedroom rate and the SRR rate can be substantial. For example, according to Shelter, the shared room rate stands at £71 per week on average, while the rate for a one-bedroom flat is £137 per week. In the east Thames valley, it is £88 versus £150 per week; in inner east London, it is £103 compared with an average of £235; and in Oxford, the figures are £80 and £150. In more than half of all areas, shared accommodation rates are about one third or more lower than one-bedroom LHA rates.

Everyone will admit that those are very high losses from a very low baseline. Currently, the maximum award of local housing allowance—housing benefit in the private rented sector—is only £107 per week for a one-bedroom property, and that falls to just £69 for SRR claimants. Obviously, that is before other cuts to housing benefits kick in, which will reduce those rates even further. LHA rates will drop from the 50th to the 30th percentile of local market rents from April, and many 25 to 34-year-olds will therefore suffer a double wave of cuts and, arguably, have no choice but to move.

For example, a 33-year-old on the Wirral is currently eligible for the one-bedroom rate and will receive £91 a week in LHA. The LHA cut will bring the one-bedroom rate down to £86 per week, but from that point they will be eligible only for the SRR, which is expected to be £56 a week, meaning a accumulative overall cut in the local housing allowance of some £35 a week. Cuts at that level will be replicated throughout the country and leave single adult households with unaffordable shortfalls in their rent. Many will have no choice but to move to cheaper accommodation. Crucially, however, owing to a lack of shared accommodation, many will be unable to find a single room and be forced to remain in more expensive self-contained accommodation, creating further shortfalls, the risk of eviction and, possibly, homelessness.

Steve Rotheram (Liverpool, Walton) (Lab): Does my hon. Friend agree that the proposed changes will have a subsequent impact, increasing homelessness especially in areas where people already find it difficult to get accommodation?

Jon Cruddas: That is one of the points that I want to address in the long time that I have to develop my arguments.

Some 75,000 people claim SRR, so the change will more than double the number of claimants, placing significant further pressure on the limited existing pool of shared properties. According to housing charities that deal with the homeless, the vast majority of people affected by the change will lose their current accommodation; and they will have to go somewhere. It is unlikely that landlords will accept such significant reductions in rent, or that someone on a limited income will be able to make up such shortfalls. To confirm what my colleague just said, tens of thousands of people currently in self-contained flats will therefore be forced to seek shared accommodation, or they will arguably become homeless.

There is simply not enough shared accommodation available. Current claimants already struggle to find an affordable property, with DWP figures showing that some 67% face a shortfall between their benefit and their rent, averaging out at £29 per week, compared with 49% of all LHA claimants. On anyone's account,

that is a significant amount for people on a low income, and it will cause problems such as debt, arrears and homelessness, which all MPs will undoubtedly witness every week.

This change, as my hon. Friend the Member for Liverpool, Walton (Steve Rotheram) said, is likely to cause more homelessness, including, in the worst instances, rough sleeping. Apart from the impact on individuals, it is extremely costly to the public purse. Crisis estimates that the annual cost of homelessness per person is between £9,000 and £41,000 per year.

For vulnerable people who have been homeless or are leaving supported accommodation, care or prison, sharing is particularly inappropriate and can be extremely detrimental to their well-being. Currently, the only exemptions from the SRR are young care leavers aged under 22 and those who receive the middle or higher-rate care component of disability living allowance for people who are severely disabled and need a carer. Other people with serious disabilities or illnesses, mental health or behavioural problems, or who are vulnerable in other ways, will not be exempt and will be expected to share accommodation—a situation which, in many instances, will be inappropriate, as professional advisers argue.

As regards homeless people and those leaving an institution, 20 to 35-year-olds are already disproportionately likely to end up sleeping on the streets, while 27% of rough sleepers in London are aged between 26 and 35, and 36% of Crisis's clients are in the age group affected by this change. The change will place significant barriers in the way of breaking out of the cycle of homelessness and undo progress that has been made by formerly homeless people who have now secured private accommodation. Charities working with young homeless people are often unable to move them into appropriate accommodation because of the SRR, and this problem must increase, all else being equal, as more people are restricted to the lower rate. A Crisis survey of schemes that help people to find private rented accommodation found that the low level of the SRR was the biggest policy concern.

There are consequences for hostels, too, as costly beds will become blocked with people unable to move on. For offenders leaving prison, sharing can be particularly inappropriate. There is already a problem with individuals under 25 bed-blocking probation hostel places because of the SRR, and that problem is likely to increase under the current proposals. It should also be noted that those convicted of serious offences are disproportionately likely to be in the same cohort of those aged about 25 to 34, and, for many, sharing with others poses particular risks. Reoffending costs the economy £13.5 billion annually, but stable accommodation reduces the risk of reoffending by some 20%.

What about people with mental and physical health problems or dependency issues? For these groups, sharing can cause particular problems, as they may have particular needs in relation to the type of accommodation that they can occupy or find it very difficult to get on with other people. There are fears that other difficulties such as bullying could result. People with dependency problems may have a negative effect on others in a shared property.

Moreover, we should consider parents or expectant mothers. Non-resident parents who want to maintain a good relationship with their children can have them to stay in a self-contained flat, but this is unlikely to be possible or appropriate in shared accommodation. When parents live some distance away, that could mean that they are unable to maintain contact with their children. Pregnant single women may have to return to a shared property with their newborn, precisely at the point when moving can be financially and physically unrealistic.

At a time of rising youth unemployment, this change risks penalising young people even further. Those under 25 already face a lower rate of jobseeker's allowance and are therefore likely to struggle to make up even small shortfalls between the benefit and their rent. Competing with older tenants will make it even more difficult for them to secure affordable accommodation.

What about the impact on communities and houses in multiple occupation? This policy may increase the number of HMOs in deprived areas at a time when some local authorities are using recently introduced powers actively to tackle the prevalence of HMOs, which are often poor-quality properties run by unscrupulous landlords.

We should also consider the problems facing benefit recipients when searching for housing. Claimants can struggle to access shared accommodation, even where it does exist. Adverts for shared property are the most likely explicitly to bar benefit claimants. Research by Shelter suggests that as few as 7% of tenants in shared accommodation would let a spare room to a benefit claimant. Many house-shares are reluctant to let to benefit claimants because of real or perceived problems with the benefits system, such as delays in processing payments and the practice of paying benefit in arrears when rent is payable in advance.

The arguments that I have put forward have been technical, but it is useful to demonstrate the possible consequences in human terms, so I will report a number of case studies of single, homeless men that have been brought to my attention this week by various housing charities. The first is the case of a man with trust and gambling issues who moved from supported accommodation to a self-contained flat:

"He is working with a Tenancy Sustainment Team. He has always tried his best to work and LHA has supported him a little due to the low pay he is receiving. Moving him into shared accommodation would place him in severe hardship."

Another case study is of

"A man with mental health issues, trust issues and who suffered from abuse as a child. He struggles to be around people."

He, too, moved from supported accommodation to a self-contained flat and is supported by a tenancy sustainment team. The case study continues:

"To move him into shared accommodation would no doubt place him in either a homeless situation...or end up in prison."

That is the advice of the professionals.

Another case is that of a young man who was moved on from supported accommodation:

"His main goal was to get accommodation so that he could bond with his child. He has anger issues and works with a Tenancy Sustainment Team worker. His child can now come and stay with him at his home from time to time. To move him to shared accommodation would affect the arrangements with his child that he waited so long for and could well place him back on the streets or lead him to abandon his accommodation. He struggles to support his child with the little money he has at present."

[Jon Cruddas]

Another case is that of a 24-year-old who has had one custodial sentence for a sexual offence and has breached his licence on more than one occasion:

"He is currently in a hostel having resided there for three and a half years, but due to pressure...he is having to be moved on. Probation are unwilling to allow him to reside in a shared house due to the risk he poses to females. Probation have advised that should he move into a shared house his offences have to be shared with the landlord and fellow tenants, which means this could put his safety at risk."

Another case brought to me this week is of a 27-year-old client who is a sex offender. He has been living in a probation hostel and is ready to move on. He is vulnerable and requires ongoing, floating support. He needs self-contained accommodation because of sharing issues, particularly if females live at the property, visit it or stay with other tenants.

Another client has bipolar disorder and suffers from periods of extreme depression and paranoia. He is very concerned. He has been sectioned a few times and is worried about it happening again. He is being discharged and is having to return to a shared house. He finds others knowing about his condition very uncomfortable because there is still prejudice and misunderstanding about mental health issues. All those cases are concrete examples of the consequences of the reform that have been brought to my attention in just the last few days.

What is the Government's rationale for the change? I will anticipate the Minister's response slightly by offering a few reasons that he is likely to give. First, there appears to be an argument that many young people share houses and that, everything else being equal, many benefit recipients should therefore also share houses—thus the change to the single room rate. The Government will also argue that the age of the first-time buyer has risen. Although that may well be the case, it is not true that large numbers of people share properties. In fact, 2% of people share properties with someone who is not a relative or a partner. If the changes come in, 17% of those on local housing allowance will be in shared accommodation.

People who are not on housing benefit and who do share, such as young professionals in this city, do so largely out of choice so that they can live in a better location, live with friends or have more disposable income to save for a deposit to get into the housing market. It is simply not the case that the same characteristics apply for housing benefit recipients. What is more, people who are not on housing benefit have access to a much greater pool of properties because, as I have said, many landlords will not let to benefit claimants. People who are not on housing benefit generally have a choice about who they live with, which is rarely available to people on lower incomes.

Many who share accommodation by choice in the private rented sector will do so with one or two others. Largely, that will be more expensive, and so unaffordable on the SRR, claimants of which are therefore likely to have to share with larger numbers of people, with a higher turnover of tenants, and with little or no choice over with whom to share. Unlike students or young professionals, who tend to share with people whom they know or who have similar backgrounds, people on housing benefit often share with strangers, which can lead to inappropriate sharing situations, and suitability and security problems, and it can affect the sustainability of a tenancy. Supportive evidence is provided by the Joseph Rowntree Foundation, which has analysed the SRR and the views of claimants. It says that

"the prospect of sharing with strangers was a source of considerable anxiety"

and

"having to share with older people was noted to be particularly daunting, especially for female claimants."

I tentatively suppose that the Minister will put forward a second argument: that landlords will lower their rents or people can be supported by discretionary housing payments. The Government have argued that people might be able to renegotiate rents, but, given such significant losses in entitlements—some could be halved—that hardly seems likely. With our housing department, I have done a survey of letting agencies and the current state of the housing market in our local borough. In the cheapest housing market in Greater London, there is no evidence of a lack of demand for such properties, and therefore no evidence of a downward flexibility in rents in our communities. I tentatively suggest that that is probably the case around the country.

The Government also make the case that they have increased the discretionary housing payments budget to help local authorities to give additional support where they consider it is needed. However, the amounts are insignificant. Our borough is, I believe, the fastest-changing community in Britain because of the dynamics of the city's housing market. It is the lowest-cost housing market in Greater London, with the lowest rents, but it has taken the strain of the city's demographic shifts in past 10 years. In total, I believe that we will receive some £120,000 of that discretionary money, but I tentatively suggest that that will not quite be enough because of the extraordinary flows of people caused by the broader housing benefit changes proposed by the Government.

I therefore suggest that the argument that the discretionary housing payments are significant enough to allow for the system to bed in does not stack up. Indeed, over a four-year period, the total DHP pot is £190 million. That is intended to help both those who currently experience a shortfall and those affected by all of the changes to the housing benefit system. To put that in context, the Budget announced £1.8 billion of cuts to housing benefit, and estimated a further £215 million saving from changes to the SRR.

The third argument that the Minister might come up with goes something like this: some LHA claimants chose to live in shared accommodation, so there cannot be that much of a shortage. Indeed, some housing benefit claimants do choose to share when they are in fact entitled to live in self-contained accommodation. For some people in some areas, sharing is appropriate, particularly if they have friends they can share with or if they were in a shared property before needing recourse to housing benefit. However, it is quite a different proposition to ask 120,000 to leave their current accommodation and try to find a shared property.

In conclusion, I urge the Government to rethink raising the SRR threshold, or at the very least to delay the measure to give local authorities time to ensure that there is sufficient housing stock to meet the increased demand for shared accommodation. I urge

the Minister to reflect on what Centrepoint says when he considers the consequences of some of the changes that I have outlined:

"If young people are not supported to access affordable move-on accommodation, they will be forced to access expensive emergency and supported accommodation for longer periods. This failure to progress can lead to young people losing confidence and re-engaging in destructive behaviour patterns".

While achieving savings in the short term, the proposed changes could lead to greater costs to the taxpayer in the medium to longer term. I urge the Government to rethink.

4.44 pm

The Minister of State, Department for Work and Pensions (Steve Webb): I congratulate the hon. Member for Dagenham and Rainham (Jon Cruddas) on securing this debate. It is the second debate of his to which I have responded in the House, and he raised his issues in a thoughtful and measured way. I think that the House appreciates that.

This is a welcome opportunity to consider the shared accommodation rate. Many of the other aspects of housing benefit reform have been aired quite extensively, but this one has perhaps been a bit overlooked. It is important to focus on that and the potential implications. I want to reflect on the proposition: what is now known as the SAR currently applies to under-25s in the private rented sector, and is based on rent levels for accommodation where at least one room—for instance, a kitchen or a bathroom—is shared. The spending review has announced that, from April 2012, it will be extended to under-35s. Furthermore, as the hon. Gentleman acknowledged, there are exemptions for those in certain vulnerable situations. There is also the issue of discretionary housing payments, to which I will return, because he raised some important questions.

Clearly, one reason for introducing this measure is to reduce the budget deficit. It is worth noting, therefore, that it will save £130 million in housing benefits in 2012, rising to £225 million in 2013. There are two ways of looking at that: it is a lot of people, but it is also a significant amount of money for the Exchequer. It is not done lightly, but it is an important contribution to the Department's efforts to rein in the budget deficit.

On the number of people affected, the hon. Gentleman mentioned the figure of 120,000, but that is the answer to a slightly different question. We think that the figure will be 80,000 to 90,000. Those are the sorts of numbers we are talking about. He is right that the shortfalls, particularly in London, will be significant. Whereas with some of the caps—certainly the 30th percentile—in some cases the shortfall will typically be £10 a week or less, such shortfalls will be very different. The sorts of examples and figures that he gave are available on the internet. Other than in exceptional cases, it is unlikely that people will make up the shortfall from their spare cash. I take his point entirely that the shortfalls will be significant and that, although there might be occasions on which tenants can renegotiate their rents, that will probably be the exception rather than the rule. Although he kindly tried to write my speech for me—I was writing furiously all the good points he made—I am not going to say, "We don't need to worry, because landlords will just slash their rents", because that is not realistic.

Why are we introducing this measure? As the hon. Gentleman said, the thinking behind the under-25s rate is to save money and have a level playing field for young people on benefits and other young people on low-paid jobs who commonly will share accommodation. For the under-25s, the figure is about 45%. That means that about 45% of single, non-student—students would obviously bump up the figures—childless people who are under 25 and not on benefits are in shared accommodation. That is our control group. He might ask what the figure is for 25 to 34-year-olds. The answer is 40%. He used a figure of 2%, and I have seen that number, because when I saw the crisis briefing, I thought, "Oh my goodness, 2%". However, it turns out that 2% is the answer to a totally different question—it includes all tenure types and all ages. The appropriate benchmark is that roughly two in five of the sort of folk we are talking about, and who are not on benefits, are sharing. The question is: what is the appropriate level of support from the taxpayer? Should the taxpayer pay the full cost of a self-contained flat for a 29-year-old, when many of their contemporaries would be living in shared accommodation? That is the thinking behind this.

If, therefore, this measure leads to shortfalls, and if renegotiation of rents is a limited option, what alternatives are available? I have mentioned the limited exemptions, particularly for vulnerable people. The hon. Gentleman downplayed the role of discretionary housing payments rather more than I would, so let me explain why. The discretionary housing benefit budget is increasing nationally from £20 million this year, to £30 million next year and to £60 million in each of the following three years. It is being trebled compared with the year just ending. However, we will not spread the money incredibly thinly across the whole country, but focus it where it is most needed, and the impact of the SAR is one of the things that will dictate where the money goes. I cannot forecast what his local authority will get beyond next year, but clearly London authorities as a whole will get a significant proportion of that increase—I strongly suspect that it will be more than the national average increase.

There is a case for saying that discretionary housing payments are the right approach, whereas using broad categories of people probably is not. The hon. Gentleman mentioned a whole set of people, but what was striking about his individual examples was how individual they were. We do not necessarily want to say that every ex-offender should have support, but to consider particular situations. Clearly, we need some block exemptions for the most vulnerable—we have that—but discretionary funding should be used in specific circumstances to ease some of the examples that the hon. Gentleman gave.

Discretionary housing payments are clearly a top-up, which are not meant to meet the whole rent. Housing benefit is already doing much of that, and discretionary housing payments cover the shortfall. The hon. Gentleman says that £120,000 is not much. Off the top of my head, a shortfall of £20 a week means £1,000 a year, so the sum covers 120 people. It does not sound like a huge amount, but it will treble across the country and can help some of the vulnerable groups that he mentioned.

There is a question about the options for young people. The hon. Gentleman pre-empted one of my points, but I shall make it again anyway. He rightly pointed out that quite a few young people have chosen—some have freely chosen but others may have felt constrained

[Steve Webb]

because of availability—to live in shared accommodation. Even though they are over 25 and the benefits system would pay for a self-contained flat, they have chosen shared accommodation.

We think that nearly half the local housing allowance cases that are currently assessed under the shared accommodation rate would be entitled to higher rates if they lived in separate accommodation. Nearly half the people to whom we pay the shared accommodation rate—that is what they get if they are in shared accommodation—do not need to be in shared accommodation because of the benefits system, but are there anyway. I must admit that that surprised me. Clearly, that is not all about choice. It is partly about availability, but it again suggests that what we ask is not quite as unreasonable as perhaps it might seem at first sight.

When considering that group's characteristics, there is a question about how soon they can support themselves and not be on benefit. Clearly, a shortfall of £30 or £40 is difficult but manageable for a short period for many people, if they have been working, but difficult to sustain for a long time. That group tends to have relatively short jobseeker's allowance durations. If we consider the 25 to 49-year-olds, for whom data are readily available, we estimate that around 60% of that group have been on JSA for less than six months. Clearly, after six months of a shortfall, someone is well out of pocket. However, although there might be a shortfall at a point in time for quite a few of those people, many might have a reasonable expectation of getting back into work and then being able to afford their rent in self-contained accommodation.

There is a question about what their options are if they decide not to carry on in free-standing accommodation. One option for some will be living with mum, dad or family. The hon. Gentleman and I both well know that it is not a perfect solution or something that works for people who have irreparable family breakdown. It is not a blanket solution. However, in general, that age group—I think they are called the boomerang generation—are doing precisely that. Many 28-year-olds and 31-year-olds are back with mum and dad or family. Perhaps they are saving for a house, and they have made the decision to stay with family because it is cheaper and they can put money by. Should we ask the taxpayer to pay for some 29-year-olds and 31-year-olds to have a flat of their own, rent fully paid, when others have to live with mum and dad and save the money? Again, it is a balance of fairness. Living at home with the family is not an option for all, but it will be for some. The hon. Gentleman talked about bonds with family and their breaking down—I do not know what living with your mum and dad at the age of 31 does to you, but it will be an option for some. At a time when money is tight, it is not an unreasonable thing to ask young people to include in the range of options that they consider.

There is also an important issue, which is underestimated, about being a lodger. Again, I take the hon. Gentleman's point about individuals with particular needs. Her Majesty's Revenue and Customs runs a special scheme called Rent a Room. It was introduced in 1992 to boost the private rented sector and was designed specifically to encourage individuals to offer spare accommodation in their homes at affordable rents to low-income groups such as nurses and students. Under the scheme, home owners and tenants who let furnished accommodation in their own homes are exempt from income tax on rental income of up to £4,250 a year. They receive relief on the rent and tax relief on meals, goods and services, such as cleaning and laundry. As people who get less than that amount do not have to tell HMRC, we do not know exactly how many people benefit from the scheme. However, we have survey data from the family resources survey, and roughly 130,000 landlords do not pay tax on their rental income under the scheme.

The situation is very dynamic, and as young people start to realise that they cannot get benefit for a flat on their own and start to look for lodgings, another family who may have lost income through redundancy or loss of overtime in these difficult economic circumstances might wish to let out their spare rooms. So the availability changes over time. There are tentative signs of a new supply of shared accommodation. Indeed, in east London, there is some suggestion that the housing benefit cap will mean that larger family homes will be converted into shared accommodation. I take the hon. Gentleman's point about HMOs, and I will come back to that in a minute. Clearly it does not solve the problem for those families, but in the context of this debate it could mean three or four new single rooms will be available for young people. The situation is dynamic and changing.

The hon. Gentleman raised the issue of delay or cancellation. Although the change starts in April 2012—on current plans—it would kick in on the anniversary of a claim. So someone who starts a claim in November 2011 would have it renewed in November 2012. The position will not change all at once on a single day so that everyone turns up at the local hostel saying, "I'm homeless." There will be a gradual change and people will start to explore other opportunities. They will know that the change is coming—we are talking here in late 2010-11—and there will be a chance for new supply to come on stream so that people can think about their options. We are keen not to do these things suddenly because we recognise that people will need time to adjust.

The hon. Gentleman mentioned some of the problems of HMOs, and the Government recognise that those need to be handled carefully. He will know better than most that HMO licensing is mandatory for houses of more than three storeys housing five or more persons. Local authorities also have discretionary powers to extend licensing to small HMOs where they have identified problems with management or property condition. This is known as additional HMO licensing. Local authorities will be able to impose conditions on those licences, such as requirements for occupation by a set maximum number of people or the provision of adequate amenities. Fines of up to £5,000 can be imposed for breach of a licence and letting a property without a licence is a criminal offence subject to a fine of up to £20,000. That is not to suggest that everything is perfect, but the Government are aware of the problems.

Since April last year, there has been a general consent for local authorities to introduce this additional HMO licensing and they do not need permission from central Government to do it. If councils think it necessary in their area—such as the hon. Gentleman's area—they have those additional powers to crack down on rogue

landlords. It is important to point out that sharing a house with a few other people is not synonymous with slum accommodation and rogue landlords. Both versions are out there, and we want to encourage the provision of good shared accommodation and drive the bad guys out.

The Department has always planned to monitor the impact of these changes, but when the other place considered the housing regulations it was agreed, after discussions with Lord Best, that there would be full independent monitoring and evaluation of the housing benefit reforms. I assure the hon. Gentleman that we are committed to comprehensive review of the changes to housing benefit, some of which will come into effect from this April. That will include independent, comprehensive primary research that looks at the effects on different types of households in a range of areas including London. The evaluation will cover a whole list of things, including homelessness and moves; the shared room rate and HMOs; the impact on Greater London; black and minority ethnic households; landlords; the housing market; and the labour market. To update the House, we have just completed an expression-of-interest exercise for potential contractors for the research, and we are drafting a specification for the monitoring. The idea is that the results will be published.

We recognise that these are significant changes, and that there will be people who are adversely affected; that is why we have trebled the discretionary housing payment budget. The hon. Gentleman was absolutely right to raise his concerns about that group, and it is something that we are looking at carefully. I thank him for bringing the matter to the attention of the House and reassure him that we take seriously the points that he raises.

Question put and agreed to.

5 pm

House adjourned.

Westminster Hall

Tuesday 8 February 2011

[Mrs Linda Riordan *in the Chair*]

Independent Debt Advice

Motion made, and Question proposed, That the sitting be now adjourned.—(Angela Watkinson.)

9.30 am

Yvonne Fovargue (Makerfield) (Lab): I am pleased to have secured this important debate and to serve under your chairmanship, Mrs Riordan.

Research from Money Advice Trust suggests that at any given time up to 5 million people report being in arrears with consumer credit and mortgage payments or find that their credit commitments are an unsustainable burden. However, planned cuts to funding will significantly reduce the capacity of independent advice agencies to assist such people, which could result in potentially serious consequences both to the individual and the state.

I shall quote an example from my local citizens advice bureau in Wigan. John—not his real name—was receiving numerous letters from creditors. He came for assistance when his debts were beginning to get on top of him. He had even mentioned suicide. His community psychiatric nurse was concerned that the increasing pressure from his creditors was causing further harm to John's mental health. An urgent home visit was arranged. A specialist debt adviser went through John's benefits and discussed his options. John had wrongly believed that bailiffs could take all his goods and that he could be imprisoned and evicted. Time was taken to reassure him and to go through both his options and rights, and those of his creditors. He decided that bankruptcy would be the right option for him. The adviser completed the forms and accompanied John to court. The creditors can now no longer contact him. Moreover, the adviser helped to reinstate John's benefit entitlement, which had been the reason why he got into debt in the first place.

John now needs less input from his care co-ordinator. He said, "I was in a real state, but I am now no longer afraid to answer the telephone, open my door or open my post." John needed face-to-face advice to help deal with his problem. Without it, he would still be a suicide risk, living in isolation and fear.

More than 500 specialist advisers in independent local advice agencies are funded by the financial inclusion fund. Since 2006, more than 380,000 people have been helped to manage debt worth more than £6 billion in an extensive network of outreach settings, community centres, GP practices and Sure Start units. People who do not normally feel comfortable about seeking advice are able to go to such centres and speak in a place where they feel comfortable.

The CAB service managed the largest proportion of that funding, and it supports 338 advisers in local bureaux. Loss of the funding reduces the capacity of the CAB service by more than 70,000 cases a year, which is a cut in casework capacity of between 40% and 50%.

Tim Farron (Westmorland and Lonsdale) (LD): I thank the hon. Lady for being generous so early in her remarks. I completely agree with everything that she has said. The financial inclusion fund is of immense importance to my citizens advice bureaux in South Lakes. Most people think that the CAB is a state service; they do not realise that it is a charity, and that its ability to raise funds from other sources is incredibly limited. The fund is critical to its survival and to its ability to help people who are often in the most desperate circumstances.

Yvonne Fovargue: I totally agree. Having worked for a CAB, I know that people are extremely confused about where the funding comes from. The organisation gets very few donations. The depth of its service is often misunderstood as well. I have heard people say, "Oh, CAB, they tell people where to go." We did not often do that.

Chris Ruane (Vale of Clwyd) (Lab): My hon. Friend has given us some of the current statistics. Looking ahead over the next few years when hundreds of thousands of public sector workers will be sacked by the Conservatives and Liberal Democrats, what burden does she think that will place on Citizens Advice? In my constituency of Vale of Clwyd, some 50% of workers are in the public sector, about 4,000 of whom may be laid off. What effect will that have on citizens advice bureaux in my constituency and elsewhere?

Yvonne Fovargue: Indeed, over the past year, the number of debt clients seen by the CAB has risen by 23%, and a significant increase is expected in the next few years as well, so the loss of skilled advisers in local bureaux will have a catastrophic effect. It is essential that local links are retained. The trust that has been built up between local agencies, such as that between the bureau and the local authority council tax collection department, will be lost, to the detriment of local people who are struggling to pay. St Helen's citizens advice bureau had regular meetings with the head of finance and the bailiffs to discuss tactics and to raise issues from clients' experiences. It developed a protocol to assist residents, particularly those entering employment who found that all their creditors immediately descended on them, causing quite a number to leave work, feeling that they were better off on benefits, despite their increased income, because their debts had come back to haunt them.

Kate Green (Stretford and Urmston) (Lab): Does my hon. Friend not agree that debt problems often come with clusters of other problems, including some related to employment and welfare benefits, as she suggested? Is it not therefore regrettable that neither legal aid funding, which we have previously been able to look to, nor—now—funding for debt advice will be available to support people with a multiplicity of difficulties?

Yvonne Fovargue: I completely agree. The idea that there were clusters of problems was identified at least 10 years ago. The legal aid cluster of social welfare law was developed so that the person could be addressed as a whole and not just seen as a set of individual problems.

[Yvonne Fovargue]

A national telephone advice system could not help with our current problem of debt. Local knowledge, particularly about bailiffs, is vital. That was evidenced on Saturday in an article in *The Times*, which highlighted the different practices of bailiffs employed by neighbouring local authorities. The cuts cannot, however, be taken in isolation, as my hon. Friend pointed out. The consultation paper on legal aid proposes to remove debt from scope for all cases except those with an

"immediate risk of losing their home".

That flies in the face of all the research demonstrating that early and timely intervention is crucial and actually saves the public purse money. For every £1 of expenditure on debt advice, the state potentially saves £2.98. Indeed the figure could be higher, particularly for the NHS.

Last Thursday in the Chamber, I mentioned a project that had been funded by my local primary care trust, which I managed until last May. It measured stress levels on a recognised NHS scale before and after the debt advice process. In the first nine months of the project, the PCT estimated that three suicides had been prevented. The project was a finalist for a national NHS innovation award due to its low cost and good outcomes for clients and the NHS.

Local authorities are also cutting the amount of money available for advice. The CAB in England and Wales faces an expected cut of 10% in 2011-12. If that is factored in with cuts to the financial inclusion fund and the proposed changes in legal aid from 2012, local bureaux can expect, on average, a 45% cut in funding.

Mr Dave Watts (St Helens North) (Lab): With the cuts that we are seeing right across the spectrum, whether in local government or, in my case, the PCT, which part funds some of the posts in CABs in my area, does my hon. Friend agree that the only way to resolve the matter is for the Government to make a direct grant to citizens advice bureaux so that they can handle the massive increase in demand caused by the cuts imposed by the Tories and the Liberal Democrats?

Yvonne Fovargue: I have long been a supporter of a statutory duty to fund advice services, and I still believe that it is the only way in which the absolute importance of advice can be highlighted to local government and other funders. The cut to debt advice funding and the proposed cuts to local authorities and legal aid will be felt most significantly in urban areas, which have the greatest numbers of clients. To whom are those people expected to turn for advice on their debts?

The Government have announced their intention to establish a national money advice service to deliver free financial advice and an annual financial health check to provide people with a holistic overview of their finances.

Mr Mark Williams (Ceredigion) (LD): I am grateful to the hon. Lady for giving way and I congratulate her on securing the debate. I think that she will agree that it would be wrong to characterise the issue as simply an urban issue. Rural areas in west Wales, such as my constituency, are served by only two citizens advice bureaux. She is right to highlight the cuts that such bureaux will suffer; those cuts will make access to the existing services even more difficult for people.

Yvonne Fovargue: I thank the hon. Gentleman for that intervention. I agree. There are already "advice deserts" and people in rural areas already have difficulty getting access to face-to-face advice. They have to travel long distances to get it. These cuts will only make that situation worse.

I welcome any expansion of financial education but I would like the Minister to answer two questions. First, where will people who are identified as being in debt by the financial health check offered by the national money advice service go, as the number of local debt advisers will be dramatically reduced—to nil in many cases?

Mr Chuka Umunna (Streatham) (Lab): I congratulate my hon. Friend on securing this debate. Merton and Lambeth citizens advice bureau operates in my constituency. We have one caseworker, whom we are to lose as a result of what the Government are doing. That caseworker has dealt with more than 400 debt advice queries. I asked what the effects of their loss would be and Merton and Lambeth CAB was very clear: without that debt adviser there will be nowhere else for people to go. Does my hon. Friend agree that that situation will be repeated up and down the country?

Yvonne Fovargue: I thank my hon. Friend for that intervention. I completely agree. I will come to the issue of where people are likely to go in the future.

Mrs Jenny Chapman (Darlington) (Lab): I am very grateful to my hon. Friend for giving way and I too congratulate her on securing this debate. On the issue of where people will go for their debt advice, I suspect that they will have somewhere to go, which will be into the arms of fee-charging providers who advertise their services and, according to the Office of Fair Trading, mercilessly use every opportunity to recruit people inappropriately to use their services.

Yvonne Fovargue: I thank my hon. Friend for that intervention; I will come to the issue of fee-paying debt management companies shortly.

As I was saying, I have a second question for the Minister. Does he expect financial education to eradicate the need for debt advice in the future? It is my experience that most people fall into debt due to unplanned events, for example bereavement, illness or the loss of a job. People do not plan to get into debt, and borrowing is only debt when people cannot afford to pay the money back. At such stressful times in people's lives as dealing with a bereavement or an illness, timely advice is vital. Indeed, one of the most distressing cases that I have dealt with personally was that of a family who had a child with a severe disability. They received all the disability and carers' benefits, and they had taken out loans to adapt their home and car to enable their daughter to be cared for at home rather than in residential care. However, she died suddenly and unexpectedly, and they were left on vastly reduced benefits and facing a high level of debt.

Where are those people to go in the future? Like my hon. Friend, I fear that they will be thrust into the clutches of the fee-charging debt management companies, the same companies that the OFT found flouted debt management guidelines by misrepresenting their services

as free when they are not free. The OFT also reported that many front-line advisers working for those companies lacked competence and provided poor advice based on inadequate information. Unfortunately, urgent action was not taken to address the problem and the issue is now being considered as part of the consumer credit and personal insolvency review. Unless action on the regulation of debt management schemes is fast-tracked, it is very unlikely that the necessary protections will be in place until autumn 2011 at the earliest, if they are put in place at all.

Vulnerable people should not be put into the position of paying unregulated and often incompetent providers to deal with the fact that they do not have enough money to pay their bills. The situation is becoming more urgent daily, with more and more advice agencies closing their door to new debt clients, so I urge the Minister to consider extending the financial inclusion fund programme until the review of advice services is complete, or to provide sufficient alternative funding for free face-to-face debt advice to continue in local agencies. Not to do either of those things will have a great cost—both in human terms and for the state.

9.44 am

Lorely Burt (Solihull) (LD): I congratulate the hon. Member for Makerfield (Yvonne Fovargue) on securing this very important debate. To some extent, it follows on from the Opposition-day debate that we had in the main Chamber last week.

Obviously, everyone in this room wants to see the same thing. We want to see a fair and open system of financial support for people who get themselves into financial difficulty. I know personally that the National Association of Citizens Advice Bureaux is a wonderful organisation. It took on the role of providing specialist debt management advice and it has done a really good job, so I share the hon. Lady's concern regarding the financial inclusion fund.

Local authority cuts will mean that the citizens advice bureaux will not have as much support as they have had. That is having a drastic effect in my own region, the west midlands, where all five bureaux are destined to be closed. I hope very much that the Minister will be able to intervene in some way to ensure that that vital service for the Birmingham area is maintained. In Solihull, we have faced cuts to our citizens advice bureaux before and we have managed to survive them.

Ian Austin (Dudley North) (Lab): I am grateful to the hon. Lady for giving way, but I must say that it is not good enough for Liberal Democrat MPs to come along to these debates and complain about what this Government are doing while they are supporting them. What has she said to Ministers? Has she threatened not to support the Government's proposals? Has she told them that if these cuts go ahead she will not vote for something else that they are proposing? What have she and her colleagues done to try to prevent these cuts from happening?

Lorely Burt: I am glad that the hon. Gentleman made that intervention, because his Government caused cuts to be made to citizens advice bureaux. It is how the Government manage that is important. He asks what I have done and I will tell him. I have worked quite considerably on the issue of debt. In fact, I advise the Government and I am putting in my help and advice, as much as I can, to Government. That is what Governments do and that is what responsible coalition Governments do. We can make our points independently as Liberal Democrats, but we support what the Government are doing because of the financial situation that the hon. Gentleman's Government left us in and everyone has to bear a share of the pain.

Several hon. Members *rose—*

Lorely Burt: I would rather move on than talk about things other than the subject that we are here to discuss today, which is citizens advice bureaux and debt management.

Chris Ruane: Deeds, not words.

Lorely Burt: Despite the heckling from a sedentary position, I will continue.

In 2009-10, citizens advice bureaux experienced a 23% rise in demand for their services. Of the queries that they dealt with, 150,000 were about quite complex debt problems, as outlined by the hon. Member for Makerfield. It is estimated that the loss of the financial inclusion fund reduces the debt advice capacity of citizens advice bureaux by 40% to 50%. So I am looking forward to hearing from the Minister today about what steps are being taken, particularly in relation to the national money advice service and how that service will help people and make up the shortfall.

Kate Green: Will the hon. Lady give way on that point?

Lorely Burt: If the hon. Lady will forgive me, I will not give way.

So how will the citizens advice bureaux replace that loss of support, because as I said we have faced such losses before? In relation to Birmingham, I am hopeful that the Minister will have some good news.

I also wanted to pick up on what the hon. Member for Makerfield said about debt management companies. I am absolutely delighted—as I am sure she is—that the licences of a number of debt management companies were withdrawn by the OFT. I think that 42 companies in all had their licences withdrawn. Those companies can lead to a spiral of debt. Some debt management companies operate free of charge to the recipient. They do that because they are able to be paid by the creditors. It is much better if those who stand to gain pay, rather than those who stand to lose.

The spiral of debt that comes with companies that charge up front is clear. Two months' repayments are made up front, the company promises to get creditors off people's backs, but often that does not happen and six months later the company says, "We're very sorry, but we can't do anything for you now. We think you should file for bankruptcy." They then charge for bankruptcy, and the spiral continues.

Mr Umunna: In many respects, is not the hon. Lady seeking to face two ways at once? She makes these welcome comments on unscrupulous lenders, but she failed to vote in favour of the motion that was tabled by my hon. Friend the Member for Walthamstow (Stella

[Mr Umunna]

Creasy) last Thursday. She says that she agrees with my hon. Friend the Member for Makerfield (Yvonne Fovargue), yet she refuses to vote against the measures to abolish the financial inclusion fund. The money will run out in March, so will she vote against the Budget if it does not reinstate the funding?

Lorely Burt: I was deeply disappointed by last week's debate. In her last sentence, the hon. Member for Walthamstow (Stella Creasy) accused the coalition Government of being in the pocket of loan sharks. If any hon. Members imagine that we will vote for being castigated in that way, I am afraid that they have another thing coming. *[Interruption.]*

Mrs Linda Riordan (in the Chair): Order.

Lorely Burt: I am seeking to be helpful, and am not facing two ways at once.

Tim Farron: My hon. Friend is generous to let me butt in. Perhaps I could help Opposition Members. They spent 13 years in power towing the line and voting for things such as cuts in CAB funding—as they did in South Lakeland—and they do not seem to understand that it is entirely possible to be within a Government and at times be a critical friend instead of constantly being told what to think.

Lorely Burt: I am extremely grateful to my hon. Friend. *[Interruption.]*

Mrs Linda Riordan (in the Chair): Order. Can we listen to the hon. Lady and let her speak?

Lorely Burt: Thank you, Mrs Riordan, I am grateful.

I am disappointed with Opposition Members. I am sure that there must have been moments, in the 13 years during which they built up the biggest structural deficit in the G8, when it occurred to them that perhaps their Government were not going in exactly the right direction. We are a united coalition Government—*[Laughter.]* Opposition Members may laugh, but we are seeking to work together to help people in bad financial situations, situations that have been hugely exacerbated by the actions over 13 years of Members who are now in opposition.

In conclusion, I very much welcome the national money advice service. I ask the Minister: how will it help, and how will the Government help CABs to manage the shortfall caused by local authority cuts, and the cut in the financial inclusion fund?

9.54 am

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I congratulate my hon. Friend the Member for Makerfield (Yvonne Fovargue) on securing this very important debate. I am extremely concerned about the ending of the financial inclusion funding, as is my local CAB, which has asked me to put forward some of its sincere concerns about the proposals.

There was a record number of insolvencies in England and Wales in 2010, which was an increase of 0.7% on the previous year. The 2010 figures have not yet been broken down by constituency, but in 2009 my constituency of Newcastle upon Tyne North had the highest rate of personal insolvencies in England and Wales, closely followed by North Tyneside, Newcastle upon Tyne Central and Newcastle upon Tyne East, in that order. Furthermore, the top 11 constituencies for personal insolvencies all fall within the north-east of England. I want to convey to the Minister that those are not just figures; they are real people with real lives. We all know that debt can expose vulnerable people to the threat of homelessness, to bailiffs seizing their possessions, and to the loss of essential services and even their liberty. Therefore, having access to free, confidential and trustworthy debt advice is absolutely fundamental.

As my hon. Friend set out in detail, the financial inclusion fund was established in 2004 by the previous Labour Government to support fact-to-face debt advice services, in areas of deprivation where there had been difficulty in accessing debt advice. At Newcastle citizens advice bureau there are eight full and part-time debt advice workers whose work has been supported by the financial inclusion fund, and in 2010 they supported more than 1,000 local people in relation to £14.3 million of personal debt. I was shocked by those figures. In the last quarter of that year alone, the service saw more than 300 clients, which was the highest number in the history of the project in Newcastle; the appalling weather at that time did not prevent people from getting to their CAB for help. However, as a result of the coalition's decision to end the financial inclusion fund, there is huge uncertainty about what will replace it. On 4 February, the CAB stopped offering advice supported by the financial inclusion fund.

Paul Blomfield (Sheffield Central) (Lab): There are many similarities between the city of Newcastle and the city of Sheffield, which I represent. We have 12 specialist face-to-face debt advisers supported through the financial inclusion fund, and they process similarly staggering amounts of debt casework. During 2009-10, which is the last full year for which information is available, they dealt with £25.6 million of debt. Crucially, they prevented the loss of homes for 110 clients, through negotiation with lenders and landlords, or through interventions in county courts, and successfully negotiated 655 payment plans. Does my hon. Friend agree that the withdrawal of the financial inclusion fund, which will mean that all those posts in Sheffield will disappear and all that help will go, is a particularly callous decision at a time when debt is rising as a result of this Government's policies?

Catherine McKinnell: I strongly agree; that is precisely the point that I want to make today. With no news of any funding beyond March, the service in Newcastle is winding down, and so are bureaux right across Tyne and Wear. The situation is deeply worrying because of the personal insolvency figures and also because people, particularly in places such as the north-east where more than 50% of the population is employed in the public sector, will find themselves in even more worrying financial circumstances.

Ian Austin: Areas such as my hon. Friend's constituency and mine, which have been hardest hit by the recession and are taking the longest to recover, will be most affected by the cut. In the west midlands, 62 staff are employed as a result of the financial inclusion fund,

including five at the CAB in Dudley, and the staff there told me that it is hard-pressed families, the most vulnerable and people with learning difficulties who have got themselves into debt, who rely most heavily on the services. They also told me that their clients will have absolutely nowhere to go if the funding provided by the financial inclusion fund is withdrawn.

Catherine McKinnell: I thank my hon. Friend for reiterating the point that I am trying to make, which is that the cut is ill thought through and ill-timed for places facing an uncertain financial future. Unemployment in the north-east is rising, youth unemployment is at a record high and one in three young people in my constituency are out of work, compared with one in five nationally. At the same time, public sector workers face redundancy, the VAT rise and increasing fuel and energy prices. People will only get into more financial difficulty. It is shocking that at a time when increased demand on personal debt advice services is inevitable, funding for those services should be cut. It is also of concern that we are likely to lose highly skilled and trained staff who have built up a wealth of knowledge and expertise in helping people. Eight staff members in Newcastle are being made redundant, which is deeply worrying and shocking.

As I am sure the Minister is aware, in February 2010, the National Audit Office concluded that the face-to-face debt advice funded by the financial inclusion fund delivered good value for money. Indeed, the NAO found that the financial inclusion fund project was helping more people at slightly less cost per person than originally planned, and that the advice given was well regarded by those receiving it. That has certainly been the case in Newcastle, where 90% of clients who filled out a feedback form said that they would recommend the citizens advice bureau debt advice service to somebody with debt.

I recently saw at first hand the excellent advice services provided by the CAB during a special advice service day at a local community centre in the west end of Newcastle, the area that suffers the highest levels of deprivation and personal bankruptcy. The CAB brought together a series of advice services under one roof and took them out into the communities suffering the most. It was an impressive and productive day, and I know that it helped an awful lot of people in my constituency.

Justin Tomlinson (North Swindon) (Con): I support that point. I did a similar joint exercise with the citizens advice bureau in my constituency, which trained my staff and me so that we, who are in some cases the first point of contact, could address the issues and work in conjunction with the CAB. I fully support that action.

Catherine McKinnell: I agree. I too have been working closely with the CAB and taking its advice. The difficulty is that the office is losing eight staff members and will struggle to provide the same level of service. The suggestion that such expertise and advice can be delivered by a Member of Parliament comes from cloud cuckoo land.

The advice service day exemplified the importance of the CAB's services and the fact that it can reach out to people. The CAB knows that people will not use telephone or online advice services. They need face-to-face, personal advice, because they cannot manage the paperwork and the complexity involved in dealing with debt issues.

For all those reasons, I have written to the Chancellor to urge him to rethink his decision or, if it is suggested that a fund continue, to ensure that face-to-face debt advice through the CAB continues to be properly funded. I believe, as I have said, that the problems in places such as Newcastle will only get worse; they must be seriously addressed.

10.3 am

Andrew Percy (Brigg and Goole) (Con): I pay tribute to the hon. Member for Makerfield (Yvonne Fovargue), who made her arguments in a consensual, sensible and detailed way, avoiding unnecessary party politicking. I congratulate her on securing this incredibly important debate. It is sad that a debate about debt has become a little too polarised at certain points, and that silly comments have been bandied back and forth. That does not help the people struggling with debts whom we should be here to protect. As important and emotive as the subject might be, reasonableness is key to making progress at all times.

On whether personal debt levels are rising, I must confess that I am not aware whether they are at the moment—I have seen suggestions in both directions—but we do know that personal debt levels have risen substantially over the past 10 years. I am not making a political point; I think that it is due to how society has changed. Debt is much more a part of our lives these days, which perhaps demonstrates why it is so important to have appropriate measures in place to protect people who cannot manage their debt. Managing debt is undoubtedly a reality of life now, and we as elected politicians must ensure that there are processes, procedures and services in place to protect people with debt.

I will comment specifically on the role of the financial inclusion fund in my constituency. I see that my friend the hon. Member for Scunthorpe (Nic Dakin) plans to speak, so I will leave it to him to deal in more detail with Scunthorpe citizens advice bureau, which serves a large part of my constituency. However, I will discuss East Yorkshire CAB, which provides services across Hull and the East Riding, including through a centre in Goole.

East Yorkshire CAB helped 13,600 clients in 2009-10, and it tells me that more than half of those cases involved debt management issues. During that period, it assisted with about £14.5 million in debt, which gives the scale of the problem that we face in this country. As other Members have said, CAB advises face to face, which is key. I note the comments of the hon. Member for Newcastle upon Tyne North (Catherine McKinnell). Like my hon. Friend the Member for North Swindon (Justin Tomlinson), she and her staff have been trained in debt management. That is certainly something that I plan to do with my staff. People come to us with a range of complex issues, and the more we can skill up our staff, the better.

Mr Andy Slaughter (Hammersmith) (Lab): I have been going to a lot of law centres and citizens advice bureaux recently while considering legal aid cuts. The Mary Ward Legal Centre, which manages a big contract

[Mr Andy Slaughter]

in London, is losing 57 debt advisers due to FIF cuts. Does the hon. Gentleman believe that it is realistic to think that training my three staff members and two caseworkers can replace the 500 expert staff across the country who are being cut? It is insulting people's intelligence to say so.

Andrew Percy: That is an absurd comment. It is not in the slightest what I was suggesting. I simply said that those of us in positions of responsibility should do whatever we can to help in the circumstances.

Several hon. Members *rose—*

Andrew Percy: Hon. Members should listen to what I have to say before jumping up and down. All that I am saying is that training our staff to assist people who come to us with a complex range of issues is important, and that part of that training might involve directing people to the most appropriate services.

Mr Slaughter: They will not be there any more.

Andrew Percy: Well, if the hon. Gentleman does not want to do that for his constituents, that is his choice. I certainly intend to do it for mine.

Ian Austin: Of course all Members of Parliament ensure that our staff can provide advice to constituents, but surely the best way to help the most vulnerable people who rely on those services is to ensure that those services are not cut. Government Members have come here to go on about how serious the problems are and how valuable the services are that CAB provide, so why are they queuing up to walk through the Lobby to support a Budget that will remove that assistance?

Andrew Percy: That proves again that Labour Members cannot understand what they did to this country. The reality of the situation is that whoever might have been in Government now—

Ian Austin: Will the hon. Gentleman give way?

Andrew Percy: No, let me finish. If the hon. Gentleman is going to make a point, he should at least have the courtesy to listen to the response. He was part of a Government that ran up massive debts that the coalition Government must repay. Tough decisions have been made, but even when we are not necessarily happy with some of those decisions, our job as coalition Members is to come here and make it clear what we think our constituents deserve. In saying what I have, that is exactly what I have tried to do. I am trying to support exactly the point that Opposition Members have been making, which is that we need face-to-face debt advice.

Mr Watts: The hon. Gentleman must have come across the same sort of cases that I have as an MP, in which people have been given bad advice. My worry about training someone for one day, or even one week, is that it will not provide the level of skills required to advise people in the best possible way. Bad advice is worse than no advice at all.

Andrew Percy: I think we are getting bogged down by this. Training our staff and ourselves so that we can guide people in the correct direction for debt advice is probably more important now than ever, and that is the exact point that I was trying to make.

Justin Tomlinson: Will my hon. Friend give way?

Andrew Percy: We seem to be getting bogged down, but I will give way one more time before making some progress.

Justin Tomlinson: I thank my hon. Friend for giving way. In the spirit of trying to work together and helping Opposition Members, we need to be clear that this strengthens the argument for citizens advice bureaux. Help on the telephone and online cannot help provide training to other people who assist the most vulnerable. That supports the argument.

Andrew Percy: I thank my hon. Friend for that intervention. Perhaps Opposition Members will now reflect upon what some of us on this side of the Chamber are trying to do.

I shall move away from the help and assistance that I am trying to ensure that my staff are able to give people who contact me, and on to some of my concerns. The move away from a face-to-face debt advice service to a telephone or internet-based service has already been commented upon. I have bitter personal experience of debts. A few years ago, I tried to access assistance on some debts and, as much as I do not like to air my washing in public, it was incredibly difficult to access the correct advice on where to go with particular problems. I accrued debts through funding my postgraduate studies, as is the case with many people—in no way am I alone in that. *[Interruption.]* It was postgraduate education, which has had fees for a considerable number of years and is not affected by any current changes. It was incredibly difficult to access advice on where to go. As the hon. Member for Newcastle upon Tyne North has said, it is not always easy to interact properly with someone in a telephone conversation, and it is difficult to talk about one's personal financial situation. Talking with somebody over the telephone is no substitute whatsoever for talking with someone face to face.

In support of the point made by the hon. Member for Makerfield, when searching for debt advice, particularly online, it is unclear who provides it at a profit to themselves and who does not. If a company calls itself a national debt or advice helpline, the natural assumption is to conclude that it is a charity, when in fact, as others have commented, it is out to make profits from people's debts.

Mrs Chapman: Will the hon. Gentleman give way?

Andrew Percy: I will give way, because I know that the hon. Lady will make a reasonable and sensible point.

Mrs Chapman: I am grateful to the hon. Gentleman for giving way. Would he support a scheme similar to that in Scotland in which debt management advice is more carefully regulated and caps are used to regulate provision?

Andrew Percy: We had an interesting debate about debt in the main Chamber last week. I was sorry that we could not get to the point where everybody was in agreement, even though I think that everyone was—the procedures and processes of this strange place meant that we ended up with a Division that we should not have had. We should certainly be looking at the way in which we manage people who want to put us into debt.

The issue has three parts. First, we need to deal with the companies that make money out of debt. They will always exist and, as I have said, that is part of life. Secondly, we need to deal with the sort of debt advice available to people who get themselves in trouble. Thirdly, we have to look at the provision for ensuring that people do not get into such a position in the first place. That is why the all-party parliamentary group on financial education for young people, which is chaired by my hon. Friend the Member for North Swindon, is so important. Only yesterday, I was at Goole high school and spoke to its deputy head about the delivery of financial education in schools and how he thinks we could roll it out nationally. That is certainly something in which I plan to play a big role in the all-party group, which he was so key in establishing.

In conclusion, it is not hypocrisy for us to say that people involved in citizens advice bureaux—

Ian Austin: It is.

Andrew Percy: I must say that, sometimes, the debate in this place is worse than when I taught year 1 last year—the children gave more sensible responses. I have tried to make an important point on behalf of my constituents and have ended up being heckled in a childish way on an issue that is so important to people outside this place.

The reason that I have taken part in this debate is to say that the work that my local debt advisers have been doing through the financial inclusion fund is incredibly important. I know that the Minister shares my huge concern about the issue, so how exactly will the system that we propose to implement work, and what is his response to the comments made by Members on both sides of the Chamber about the face-to-face element? We need to know more.

As I said at the beginning—I will end where I began—this is such an important issue. Managing debt is a part of life now and, unfortunately, people get themselves into debt simply by making bad choices, which we have all made in our lives. We have to make sure that the support available to them is appropriate. I end with that plea. I am less concerned about the mechanism and more concerned about what is actually delivered to my constituents. In my view, that requires some sort of face-to-face interaction, whoever that interaction is with.

10.16 am

Nic Dakin (Scunthorpe) (Lab): I apologise, Mrs Riordan, that I will have to leave before the debate's conclusion in order to attend a Public Bill Committee. I am pleased to follow my neighbour, the hon. Member for Brigg and Goole (Andrew Percy), and I welcome the concerns expressed by Members on both sides of the Chamber. Our analyses may differ, but that does not alter the fact that we share a common concern. The reason why we are taking part in this debate and why it is so well attended is to get answers from the Minister to the points so ably made by my hon. Friend the Member for Makerfield (Yvonne Fovargue), whom I congratulate on securing this timely and important debate.

We are in a time of falling growth, rising unemployment and rising prices fuelled by the VAT increase. That may well mean that, notwithstanding the past, more families and people are more likely to get into financial difficulties in the future. They are, therefore, in danger of becoming prey to organisations that take advantage of the financially vulnerable, putting desperate people into a state of greater desperation.

My hon. Friend the Member for Walthamstow (Stella Creasy) has done much already in this Parliament to raise awareness of the need to control the actions of loan sharks. We also need to ensure that accessible, independent debt advice remains available for people so that they can square up their affairs and remain healthy and effective in society. Statistics nationally show that demand for debt advice is already on the increase. Last year, Citizens Advice assisted 580,000 people with £2.4 million-worth of debt problems, which is an increase of 23% on the previous year. In addition, 1.4 million people—one in every 33 UK adults—received advice from charities such as National Debtline.

The financial inclusion fund was deliberately located in areas such as Scunthorpe to meet the needs of communities that had difficulty accessing debt advice. The vision was to create a step change in the availability of face-to-face debt advice services, and Members on both sides of the Chamber who have spoken so far have insisted upon the importance of those services in addressing the issues. Every year, the FIF debt advice services have directly helped more than 100,000 people nationally to resolve their debt problems. Audits and evaluations show that the services have been effective and well targeted at people who need such advice.

The situation in relation to the provision of independent debt advice in my Scunthorpe county constituency is particularly concerning, and I fear that it is typical of many other parts of the country. Some 200 people a year are currently being supported by FIF debt advice, and many of them have problems or communication needs that require face-to-face support for it to be effective.

An additional problem in the Scunthorpe area is that there is currently no legal service contract for debt advice, which exacerbates the problem for all advice agencies. The previous contract allowed for 400 new matter starts, or cases, per annum. The local firm of solicitors who provide this service tell me that all their clients were referred to them from other agencies, such as the CAB and North Lincolnshire Homes, which do not have the capacity to provide that advice themselves. To its credit, that solicitor's practice is providing advice on a pro bono basis, but that is clearly not sustainable.

Kate Green: Does my hon. Friend agree that a significant concern about solicitors providing debt and other forms of advice as part of a package is that the legal aid changes will narrow access to advice, so that it is given only when a family home is at risk? As we know, creditors like to negotiate the whole package of debt together, including mortgage debt and other personal

[Kate Green]

debt. However, that will no longer be possible because we have no single funding stream through which all debt advice can be provided.

Nic Dakin: My hon. Friend is completely right. Early intervention in providing debt advice saves money, saves homes and saves lives. There is a real danger that the legal aid changes will exacerbate an already difficult problem. I hope that a new contract will be agreed in the Scunthorpe area, but when the contracts expire in 2014, no further debt advice of that sort will be provided locally.

Mr Slaughter: All welfare debt legal aid will be taken out of scope if the Green Paper's proposals go ahead. The financial inclusion fund provided a complementary service and was of a highly technical nature. Advice was provided on consumer credit, insolvency, mortgage arrears and other matters of that kind. The double-whammy of these cuts and the local authority cuts will be absolutely fatal to advice centres across the country. The type of advice provided shows that it is ludicrous for Government Members to say that the matter can in some way be picked up by amateurs. We are talking about highly technical issues that are for professional people to advise on.

Nic Dakin: I thank my hon. Friend. I think all hon. Members agree that these are specialist advice services with specialist staff. One of the points my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) made was about the danger of losing specialist expertise. That is another consequence I am sure nobody wants to see. In Scunthorpe, the part-time debt adviser at Crosby community association was withdrawn in December. The area is now losing the FIF debt advice, and the debt advice provided through legal aid is not in place. North Lincolnshire credit union does not provide debt advice, so the local situation is bleak.

As my hon. Friends have pointed out, there is a direct correlation between debt advice and ill health. My hon. Friend the Member for Makerfield mentioned the case study of John. Grant Thornton's recent study, "Psychology of Debt," demonstrated that one in two adults with debts have a mental health problem and one in four people with a mental health problem is also in debt. It is therefore clear that the time spent helping people to address their debt problems can help their overall health and well-being. Money spent by the Government on debt advice is likely to save money being spent on the health service. Research by Friends Provident found that the provision of free debt advice allowed creditors to recover in one year £1 billion more than they would otherwise have done.

Mr Watts: Will my hon. Friend give way?

Nic Dakin: I am about to finish.

Independent free debt advice is good for the individual, good for the public and private sectors and good for UK plc as a whole. I hope that the Minister will take this opportunity to spell out the Government's plans to ensure that independent debt advice remains available and accessible to all those who need it. It is crucial that the Government do not abandon people with debt problems at this time.

Several hon. Members *rose—*

Mrs Linda Riordan (in the Chair): Order. There are two more Members who wish to speak. If they both keep their comments to five or six minutes, I shall be able to call them both.

10.23 am

Chris White (Warwick and Leamington) (Con): I add my thanks to those given to the hon. Member for Makerfield (Yvonne Fovargue) for initiating a debate on an issue of massive concern for my constituents. As Members of Parliament, we often have to deal with constituents who, for one reason or another, have fallen into debt and are going through a difficult and distressing time. They need support and advice that is tailored to them directly because that can make the difference between getting back on track or falling off the rails completely.

I am sure that I speak for everyone in the Chamber when I say that one of the most important resources that we call on in our working lives is the local citizens advice bureau. I particularly call on the CAB in Warwick and Leamington, and I thank those who work for the CAB for their contribution to our local communities. Since becoming a Member of Parliament, I have been continually impressed by the work of my local citizens advice bureau, especially its professionalism and dedication. Through the CAB's work, individuals are able to get the support that they need, and consequently overcome the difficult situations in which they find themselves.

Last year, Warwickshire citizens advice bureaux helped nearly 26,000 individual clients and resolved more than 92,000 problems. Nearly 300 local people gave up their time to help Warwickshire CAB and they generated unpaid work worth nearly £1 million. At my local CAB for Warwick district, 5,000 local people were helped with around 22,000 problems. Around 80% of CAB work is taken up with debt, benefit, housing and employment issues. We simply cannot afford to lose that service. Reductions in funding will damage citizens advice bureaux across the country, particularly in south Warwickshire. Such cuts threaten to create an advice desert for those who have problems with debt and social welfare law. Thousands of individuals could be without the help of organisations such as the CAB, and they will be prevented from receiving the vital help that they need.

It is not as if citizens advice bureaux do not provide value for money. In Warwick district CAB, over the past year, just one money adviser dealt with 217 new clients who owed a total of more than £3 million—an average of more than £20,000 per client. The CAB has saved tens of millions of pounds in the long term and it has brought considerable benefit to local communities across the country by helping people to move forward with their lives and access the support that they need. There is a clear case for maintaining spending on such things, and it makes no financial sense to push problems from one place to another. People's problems will not go away merely because we stop funding help for them. Such problems will get worse, until the point when the

state has to intervene in more expensive and intrusive ways. We are talking about a short-term saving at long-term expense.

Angela Smith (Penistone and Stocksbridge) (Lab): I am hugely enjoying the hon. Gentleman's speech. Does he agree that it is imperative that we do not lose the highly skilled and trained staff who are employed by the financial inclusion fund, because that too would be a short-term financial gain at the expense of a long-term loss to the service?

Chris White: I am trying to impress upon the Minister that these services need to continue and that they are important to our communities. It is important to make that case today. Again, I thank the hon. Member for Makerfield for initiating a debate that gives us the opportunity to raise the profile of our CABs and the important work they do.

Organisations and institutions will still be required to channel their support. The CAB is an example of an organisation that is able to turn the desire of local people to help those in trouble into practical action. Warwick district CAB is assisted by more than 50 volunteers, who are able to make a huge difference to their local community. That capacity will diminish and the opportunity for individuals to help will be reduced if there are not enough full-time staff on hand to train, organise and manage volunteers. The loss of full-time staff will therefore have serious consequences that cannot simply be picked up by extra volunteers. If we reduce the funding given to such important organisations, it sends the wrong message at a time when we are looking to galvanise people into doing more for their local community and spend more of their time helping worthwhile causes. I appreciate why the Government are looking to reduce spending, but I do not believe that the calculus of cost has been accurately measured in this case.

Duncan Hames (Chippenham) (LD): My hon. Friend will be aware that only today the Government have announced that a one-off revenue of £800 million will be generated through changes in taxation on the banks. The interest alone that the Government will save on their own debt financing as a result of that move is enough to continue funding the financial inclusion fund in perpetuity.

Chris White: My hon. Friend makes a very interesting point, which I am sure other people will pick up.

When we were campaigning during the last election, we made a promise to protect the front line. It does not get much more front line than the CAB. I urge Ministers to think again and look elsewhere for reductions in public spending. They should engage with the local legal profession, voluntary and community groups and other stakeholders to see whether other long-term savings can be made in an area of justice that will not impact heavily on our front-line services.

10.30 am

Helen Goodman (Bishop Auckland) (Lab): It is a pleasure to see you in the Chair this morning, Mrs Riordan. I congratulate my hon. Friend the Member for Makerfield (Yvonne Fovargue) on securing this important and timely debate.

A few months ago, I spent a morning in the court—which, incidentally, is also to be closed by the Government—in Bishop Auckland with a CAB adviser who was helping people who were in court because their rents or mortgages were not paid, and they were under threat of losing their homes. That morning I saw how vital the service provided by the CAB is to people at the critical moment when their homes are at risk. I was, therefore, absolutely appalled to discover that the Government are proposing to end the financial inclusion fund in March.

Last year, 1.5 million people were given advice on debt by citizens advice bureaux. Those services were concentrated on people who are most in need in deprived and low-income areas. In my constituency, there are three CABs. The Wear Valley CAB lost a grant of £95,000 in the FIF cuts, together with the legal aid cuts and the cuts that have been forced on the county council by the Secretary of State for Communities and Local Government. It will lose half its workers, which means that there will be no debt advice whatever in the whole of the Wear Valley district. The branch manager, Carol Shreeves, wrote to me in an e-mail:

"We have this week begun to tell clients coming to the bureau that we cannot take them on. Many have been very upset, as it has taken a lot of courage for them to come and seek help. The cut means that the bureau will have to reduce the number of hours it opens and will need to make approximately half its staff redundant. The difficulty is that since Christmas we have seen rise in demand for our services as various statutory agencies trying to save money at this difficult time have been referring clients to us…It seems to be generally accepted that debt advice is needed but the support for it is being withdrawn from all sides."

Yvonne Fovargue: Does my hon. Friend agree that when there is an expansion of debt relief orders, requiring skilled advisers who have to take a complex examination to qualify to be an intermediary in the scheme, it is completely the wrong time to take funding away from skilled debt advisers? The CAB deals with 70% of debt relief orders, so there is no point in expanding the scheme and then leaving people with nowhere to go. There is no point in the expansion of the scheme.

Helen Goodman: My hon. Friend has made an extremely well-informed point and demonstrates to us all the complexity of this area and the significance of losing that kind of advice. Of course, the one group of people providing more advice are the loan sharks and the independent debt advisers, who are going round my constituency putting cards through letter boxes, saying, "Come to us". If people go to them, they will be directed to precisely the people who will put them into a worse situation.

At the same time that that is happening, the Government are cutting the growth fund, which is the money that the Labour Government put into support for credit unions—another place where people can get low-cost finance and have a chat with somebody about how to manage their money.

Ian Austin: This is not just about CABs or other advice agencies. The benefits advice shop in Dudley does really important work to get local people the help they need if they have been made redundant or face losing their home, and helps many pensioners receive the benefits to which they are entitled. Is my hon.

[Ian Austin]

Friend aware that it is under threat from the local authority as a direct result of the Government's cuts to local council spending? Does she agree that it is complete nonsense to cut such a service? It costs £300,000 to run but it brings in £2 million to local people, £1.5 million of which is spent in the local economy supporting local businesses.

Helen Goodman: My hon. Friend is absolutely right. Although Dudley is very different from Teesdale, which is another part of my constituency, the situation there is similar. The Teesdale CAB also lost its grant and will have to cut the jobs of two people. Last year, it dealt with 220 cases and a total of £2.7 million of indebtedness.

The third CAB in my constituency is in Sedgefield. It too lost its financial inclusion fund grant of £150,000. Last year, 41% of its work was debt-related. All the debt workers in the Spennymoor CAB will be made redundant in April. The CAB social policy officer in Sedgefield, Martin Jones, said:

"The effect of ending the FIF scheme...will be catastrophic. The level of services that we can provide to our clients will be totally decimated as the CAB will lose over half of our debt team. And all this at a time when unemployment and inflation are rising and putting increasing stress on our clients, many of whom are the most vulnerable in society".

I confirm that that is correct. On Friday, I learned that in just one part of my constituency, housing benefit cuts will mean that people will have to find another £1 million from their own pockets to pay their rents.

The Minister does not seem to understand that it is all very well to talk about the big society, but the vision of the big society is collapsing. In these communities, where incomes fall and businesses do not do very well due to the Government's irresponsible policies, CABs will not be able to raise alternative funds to replace Government grants. Furthermore, this is a policy of total financial lunacy. It costs £150 to give a family debt advice. It costs £15,000 to re-house a family. I shall be very interested to hear how the Minister can defend such a lunatic policy.

10.37 am

Nia Griffith (Llanelli) (Lab): It is a great pleasure to serve under your chairmanship, Mrs Riordan.

I begin by congratulating my hon. Friend the Member for Makerfield (Yvonne Fovargue) on securing this debate on the very serious subject of debt advice, and on the important work that she herself has carried out to highlight the devastating effects that debt, and worrying about debt, can have on people's lives. I will not repeat the excellent comments made by hon. Members who have outlined the problem clearly.

The number of people seeking debt advice is increasing, and the statistics are alarming. In 2009-10, the CAB dealt with some 2 million debt issues. The main non-fee-charging advice agencies offering debt advice are the CAB, National Debtline, Consumer Credit Counselling Service and Payplan. The CAB and National Debtline receive no money from the credit industry, whereas the CCCS and Payplan do. Of the four agencies, only the CAB offers an intensive, personal counselling service on debt.

Citizens advice bureaux, as we know, are generally staffed by volunteers, most of whom are generalist advisers, with some paid specialist advisers. Specialist advisers deal with the most complex cases, but they also supervise volunteers who undertake simpler casework in the specialist's area of expertise. In the majority of cases, when a specialist adviser is made redundant, the bureau concerned generally no longer offers an advocacy service in that advice area. The bureau cannot expect volunteers to carry on without that back-up. The CAB is a highly professional organisation that recognises the considerable risks of people proffering advice that they are not qualified to give. Without the back-up of specialist advisers, they know that they have to limit the advice they can offer to clients.

In many cases that may mean that generalist advisers can only give the client access to information about the options and procedures that he or she might pursue. Providing information for a client to follow is a path used by bureaux when a client considers themselves sufficiently articulate, literate and confident to proceed on their own. However, most debt advice clients who approach the bureau for advice feel unable to communicate effectively with their creditors. They need the advocacy that specialist advisers provide.

Bureaux do not offer debt advice in isolation. The client also benefits from benefit, housing and employment advice. At the CAB they know that they are not just dealing with a debt problem; they are dealing with a human being. A person has their own unique set of circumstances: work circumstances such as losing their job or being put on reduced working hours, or retirement or giving up work to care for a family member; or personal circumstances such as relationship breakdown, dependent children and so on. People may not initially present as debt cases, but it may become apparent in talking through their other problems that they have an underlying debt problem.

Citizens advice bureaux have a highly trained network of volunteers who understand what they are and are not qualified to advise on. They know that if a client has complex debt problems that they are not qualified to advise on, they can arrange for them to see the appropriately qualified member of the team. CABs have led the way in using volunteers but making sure that they have proper training, and that they are backed up by qualified teams. In that way, they are able to make the most of their volunteers and to offer real value for money.

As Dame Elizabeth Hoodless, who is retiring after 36 years in charge of Community Service Volunteers, said:

"We know we need to save money, but there are other ways of saving money without destroying the volunteer army."

She used the example of libraries and pointed out that people may want to help in a library but do not want to run it. The same is true of the CAB: volunteers are happy to come along and carry out clearly defined duties for which they have been trained, but they know that they can be more effective because they can call on a team of professionals when they recognise that a problem is beyond their competence. They certainly do not want to run the business.

We all appreciate the idea of a one-stop shop; we yearn to simplify matters, and we recognise that people

often find themselves in a Catch-22 situation and have to deal with several different agencies. One of the vital features of CABs is their ability to deal with the whole range of problems that a client may have. That is why taking away any one of their streams of funding will have such a serious knock-on effect.

Let us look at the overall funding of the CABs. First, there is huge input from local councils, which provide some 43% of the total income of CABs. We all know that councils are facing severe difficulties in planning their budgets for the next few years and that in order to protect their statutory services, they will look at all options, including cuts to funding for CABs and similar organisations in their area.

Then there are the cuts in legal aid. A cut of one sixth of the legal aid budget will mean that some £350 million out of £2 billion will be cut. That, too, will have a serious effect on CABs because of the franchise work that some bureaux do. It is completely incomprehensible that legal aid will be available for debt work only when a person's home is at immediate risk. One does not need to be a specialist adviser to recognise that early intervention is far preferable, much cheaper and more effective.

Mr Slaughter: My hon. Friend is absolutely right. In my constituency, three of the four advice agencies have lost all their local government funding, and if the Green Paper goes through, they will lose 90% of their Legal Services Commission funding. Even services that the Government say they will protect will not be available because the advice centres will have closed, and areas such as my constituency will be advice deserts. There simply will not be any advice available to anyone in most parts of the country.

Nia Griffith: My hon. Friend vividly highlights a serious problem; that is exactly what will happen.

There will be cuts to advice on education, employment, family, housing, immigration and welfare benefits. Those cuts will have a direct impact on funding for CABs and their ability to provide a comprehensive service, but they will also have a direct impact on clients' debt problems. If clients are unable to fight for the welfare benefits or extra provision for a special needs child to which they are entitled, they may be faced with a worsening debt problem.

Given the cuts to legal aid and to CABs through the withdrawal of the financial inclusion fund and local government funding, CABs will struggle, and many will close. The Government's Office for Civil Society has a transition fund that will apparently provide grant funding to bridge any gap, at least in the short term, but it applies only to England, and it applies only to organisations with an income of between £50,000 and £10 million, which excludes some CABs. Can the Minister clarify whether any of the transition fund will be used for debt advice and, if so, how much?

What are the alternatives to organisations such as the CAB? How else can debt advice be delivered? Are the Government expecting the Consumer Credit Counselling Service and Payplan to deal with all the additional workload of clients who will no longer be able to go to a CAB? Those organisations receive funding from the credit industry, and although Payplan has considerably expanded its services in recent years, it is simply unrealistic to expect it to be able to expand quickly enough to deal with an additional 2 million cases a year. Moreover, it deals with debt; it does not deal with the full range of clients' problems, which are often inextricably linked to their debt problems.

We have to ask the Government what alternative they propose. Is it debt management companies? The record and practice of many such companies gives rise to serious concern. In September 2010, the Office of Fair Trading told 129 debt management firms that they faced losing their consumer credit licences unless immediate action was taken to comply with its debt management guidance. The OFT found misleading advertising; in particular, firms fail to disclose that a fee is retained by the business. In fact, firms misrepresent debt management services as being free when they are not. That is serious, as clients already have enough difficulties without being exploited still further.

Helen Goodman: Does my hon. Friend share my concern that meetings were sponsored at the Tory party conference by the very organisations that are perpetrating scams on our constituents?

Nia Griffith: I certainly share that very real concern, because not only is the advice not free, it is poor. The OFT found that front-line advisers working for debt management companies lack competence, and provide poor advice based on inadequate information. Not only is the client landed with having to pay a fee that is not made clear in the firm's advertising, they are then poorly advised. Receiving poor advice on debt management is a serious business; it can cost the client considerable amounts of money.

Furthermore, the OFT also reports that there is low industry awareness of the Financial Ombudsman Service rules for resolving consumer complaints. Even with all the work that CABs and similar providers are doing at present, we currently have a situation where 129 companies that are not fit for purpose are trading on people's debt problems.

What will happen to a CAB's clients when the funding for debt advice is withdrawn? Some may not seek debt advice at all, perhaps because they do not know where else to go, or perhaps because they realise that debt advice companies will charge them fees and they worry, rightly, about being exploited and getting into yet more difficulty. Many will be driven to seek advice from debt management companies.

Angela Smith: Does my hon. Friend agree that the Government's actions suggest that the concept of the big society is, indeed, a big sham, and that the real message coming from them is that if someone is struggling with debt, they are on their own?

Nia Griffith: Indeed I do.

People may not go to debt management companies because they realise that the advice given could be substandard, and that they will be charged fees and could end up in more difficulty, but many will be driven to seek advice from such companies, many of which have been shown to be doing a poor job. We could see a mushrooming of similar companies, out to profit from the loss of CAB advisers, and many more clients being

[Nia Griffith]

charged fees for poor advice. No responsible Government should push forward policies that will allow that to happen.

What are the Government proposing as an alternative to the excellent work that CABs do? Can the Minister tell us how the proposed national money advice service will improve on the debt advice service that is currently funded by the financial inclusion fund and delivered through organisations such as Citizens Advice? Can he explain how clients who are currently being helped by CABs will be better served by the national money advice service?

Debt advice is a specialist area, and it is time-consuming and labour-intensive. No matter what expertise and computer programmes a debt adviser has, every client will have slightly different circumstances. It takes time to work through the problems, and for the client and adviser to discuss what the possible solutions might be and, when appropriate, for the adviser to arrange advocacy. Can the Minister explain what will happen to clients if the national money advice service is not up and running before CABs have to make their debt advisers redundant?

One of the problems for any new service is getting known and reaching the people who really need help. Citizens Advice is a well-established organisation—it is an established brand with a good reputation—and many people know that they can go to it to seek advice. People from all walks of life know where their local CAB is. Can the Minister explain how people will know about the national money advice service, and where they will go to access it? Can he explain the rationale for destroying an established service?

Given the economic outlook, with many more workers likely to lose their jobs due to Government cuts and the knock-on effects in the private sector, why does the Minister want to destroy a competent, independent, local, user-friendly service such as Citizens Advice and leave people bereft? At the moment, it is offering people very much needed and valuable debt advice.

10.50 am

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I congratulate the hon. Member for Makerfield (Yvonne Fovargue) on bringing the subject to the attention of the House, and it is a pleasure to serve under your chairmanship, Mrs Riordan.

Many important questions have been asked in this debate. At the outset, let me commit the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), who is responsible for this area, to writing to Members who raised questions that I am unable to deal with giving specific answers. That is the least that Ministers can and should do in response to Westminster Hall debates.

Helen Goodman *rose—*

Mr Hayes: I will not give way straight away because I need to make progress. I have 10 minutes to deal with the debate. I will give way if I get the opportunity to do so.

Ian Austin: You have the opportunity.

Mr Hayes: I am not usually terribly critical about Back Benchers making comments. The contribution of hon. Member for Bishop Auckland (Helen Goodman) was pretty intemperate, so she will understand my response being in the same vein.

I made a commitment that the Minister responsible will write to Members who have raised sensible questions, as the Opposition spokesman, the hon. Member for Llanelli (Nia Griffith), did, and will deal with them in a particular and specific way. I shall restrict my comments to some points of principle and detail, and make one or two further commitments.

Before I make the points of principle, let me add this: three points have emerged from the debate. First, debt is closely related to more general well-being, and that needs to underpin the Government's approach. Secondly, our approach should be co-ordinated and, thirdly, coherent. That has come across strongly from Members on both sides of the Chamber. We heard a speech from the hon. Member for Bishop Auckland, which I critiqued earlier, and speeches from my hon. Friends the Members for Solihull (Lorely Burt), for Warwick and Leamington (Chris White) and for Brigg and Goole (Andrew Percy) and from the hon. Members for Newcastle upon Tyne North (Catherine McKinnell) and for Scunthorpe (Nic Dakin). The hon. Member for Scunthorpe made one point particularly clearly when he rightly said that debt was related to well-being and mental health in a very broad sense. Other Members pointed out that we need a consistent and coherent approach.

I shall make six points of principle and then move on to some points of detail that inform the Government's position.

Mr Slaughter *rose—*

Mr Hayes: But I shall give way to the hon. Gentleman briefly before I come to my six exciting points.

Mr Slaughter: I appreciate the Minister's approach, but will he answer the central question? Face-to-face advisers cover up to £2 billion of debt every year and about 100,000 people are advised. Who will do that now that all those people will lose their jobs? Who will pick up the burden?

Mr Hayes: I said that in the second part of my speech I would try to come to the specific measures the Government will take. I hope I will have time to do so.

The first of the six points of principle is that we want to ensure that the debt management regime means that those who can repay debt do so and those who cannot pay get appropriate debt relief. Debtors and creditors should benefit from a system that is clearer about expectations and provides good advice in advance; I will come to how that advice might be provided later. The picture painted by a range of hon. Members of an entirely haphazard system is not the Government's intention and it would not help either responsible lenders or debtors. I understand that and it will inform what we do.

Secondly, we want to see empowered debtors accessing good quality preventive advice, as well as advice to deal with debt, to ensure that the most appropriate solutions

are found for the debtor's particular difficulty. Thirdly, some stakeholders have called for a review of the whole lending and borrowing landscape—a point that has been echoed today. I think such a wholesale review is necessary, and the Government will go about that.

Fourthly, we are told that some debtors and, potentially, their advisers, are confused by the array of choice. We heard today about independent debt advisers. We are aware of the issue, and I take the point about the OFT's condemnation. Fifthly, it is important that we clarify the responsible options available to people rather than allowing a free-for-all in which the advice they receive is of varying quality.

Nia Griffith: What action is the OFT taking against the 129 companies?

Mr Hayes: I will deal with that specifically in the second part of my speech.

The OFT survey, as the hon. Lady said, points out that many players in the field are less than scrupulous, and that must be dealt with. Finally, we are looking for evidence on how the regime should work. We have called for evidence, and much has been received. I invite the hon. Member for Makerfield, who has expertise on this issue because she managed the CAB in St Helens, and others to play their part in the review.

On the specific measures, the House will know that the Department for Business, Innovation and Skills has been responsible for face-to-face debt advice on behalf of the Treasury for about five years. I am sure the House also knows that the financial inclusion fund, which provided funding for that project, was always due to close in March 2011. I understand the worry about the decline of face-to-face advice, which all contributions today seemed to reflect. Face-to-face advice must support online and telephone advice, and we will look at how to reinforce that.

Funding of £1 million has been confirmed for next year for the National Debtline, as has been acknowledged. We need further work on how to support some form of continued additional face-to-face guidance. I will ask the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton, to clarify as soon as possible, in a statement to the House, precisely how, when, why and whether that might happen.

Secondly, the Government are working with the Consumer Financial Education Body to provide better advice on debt. As hon. Members know, it will shortly be renamed the money advice service. It was set up to take over responsibility from the Financial Services Authority to promote understanding of the financial system and raise levels of financial capability across the UK. It is funded by a levy. We will launch the new service in spring. That preventive approach is critical to stop people getting into difficulties, with the results we heard about today.

The Government will also review the framework for financial services regulation. Two new regulators will replace the FSA: one focused on prudential issues with the Bank of England and the other on markets and consumer protection—the Consumer Protection and Markets Authority. We see this as an opportunity to improve how consumer credit is regulated and to create a simpler, more responsive regime.

As Members know, we have also launched our review of consumer credit and personal insolvency. It is taking an end-to-end view of consumer credit and personal insolvency, from the decision to borrow money through to how we support people in difficulty and help them to resolve their debts.

The feature that characterised most contributions to the debate was the CAB. As a constituency Member of Parliament, I am very aware of its work. I visited the CAB in Spalding to discuss these issues. Indeed, one of the many virtues of our system of parliamentary representation is that Ministers are also constituency MPs. I heard what was said today about the CAB and its importance in providing not only debt advice, but a holistic approach to advice that reflects the connection between debt, well-being and the wider range of challenges that many people face.

Duncan Hames: I welcome the announcements the Minister has made, but does he see that it is somewhat incongruous for a Government who are, rightly, concerned about getting their own debt under control to cease funding for voluntary sector support to people to get on top of their own debt?

Mr Hayes: Indeed. I think of John 8:7,

"he stood up and said to them, 'Let him who is without sin among you be the first to throw a stone'".

As the hon. Gentleman said, it is right that we should be consistent.

I shall make one further commitment on the CAB: as a result of representations received, and this debate, we commit to looking at what to do about the CAB on a cross-governmental basis. Ministers and Governments should be responsive to these debates and to arguments, which were sometimes well put, although at other times slightly partisan. They were no doubt put with a passion that reflects constituents' concerns. On that basis, there will be a cross-departmental examination of what to do about the CAB.

Economic Regeneration (West Midlands)

11 am

Paul Uppal (Wolverhampton South West) (Con): I thank hon. Members for attending this debate. I have wanted to speak about the future of economic regeneration in the black country for some time. It is a pertinent matter that I am sure all hon. Members present deal with in their constituency case load. It is a topic high on everybody's list as we seek to promote economic growth in the black country constituencies that we represent.

Government plans for planning policy and economic growth contain a strong emphasis on local powers and decision making, and it is important to look at how such tools can be used to promote economic regeneration in our area. As hon. Members are aware, the black country has missed out on some capital regeneration projects that we have seen across the country. I want this debate to raise the profile of our region at national and parliamentary level, provide a forum for discussing how to encourage private and public investment in the black country, and look at how to assist local businesses and communities to get involved in future ideas for the region.

Within Wolverhampton, the proposed £300 million Summer Row development has recently collapsed. That is a huge disappointment for the city as it would have provided new shops, cafés and much-needed jobs for the area. With one of the highest numbers of vacant shops in the country, regeneration in the area is desperately needed. However, I want not to dwell on the past, but to learn the lessons from what has gone before and move forward. As councillors in Wolverhampton have said, we must signal a new dawn for the city and, to quote the city's motto, "Out of darkness, cometh light." I am pleased with the attitude of the council and the local business men and women of the city who are looking forward to what the future can bring for Wolverhampton.

Previous Government plans have sought to close the gap between the greater south-east and the rest of England. In truth, however, the economy is still as regionally unbalanced as before—perhaps even more so at the moment. It is important to focus on projects that are already under way in the region and look ahead to what future investment can be attracted to our area.

In Wolverhampton, the council is currently implementing two main regeneration projects—the Wolverhampton Interchange, and the i54 technology park. The Wolverhampton Interchange is a great proposal for the city, but only the first phase of the project has currently received funding and is under way. It seeks to create a new transport hub for Wolverhampton, while also revitalising the station and the entrance to the city that people see when they arrive by train. The plan includes a new hotel, offices and canalside bars. It provides a great opportunity for the city, creating not only jobs but an important first impression when people arrive. I have looked into the funding options available, and I hope that by working with fellow MPs and the council, we can see the whole project succeed. I am aware that retailers such as Debenhams are interested in locating to Wolverhampton, and it is important that any future retail developments are well managed and receive support.

The Government have outlined their plans for promoting economic growth and regeneration across the country. I want to pick up on some of the points raised by the Localism Bill and the White Paper on local growth from the Department for Business, Innovation and Skills, which provide important tools and guidance for driving regeneration in the black country.

Mr Pat McFadden (Wolverhampton South East) (Lab): Before the hon. Gentleman moves on from his list of important projects, I am sure that he will not miss out Bilston urban village, which is based in the part of the city that I represent. It is crucial for providing future homes, bringing former industrial land back into use, and providing new leisure facilities for people in Bilston.

Paul Uppal: I will refer later to Bilston, and I echo the right hon. Gentleman's sentiments completely. There has been very good work there.

For regeneration of the black country it is important to give power to local authorities. I also want to talk about business rates and reforming the apprenticeship system. The important focus of the Localism Bill and the White Paper on local growth is the emphasis on giving power to local authorities and communities. That provides an important opportunity for the black country to lose some of the burden of nationally driven goals and targets, and allows instead for a tailored approach that reflects the needs of the region. The open source planning system will ensure that local governments can create sustainable and attractive places to live. I have no doubt that reforming the planning system is important to creating the confidence to invest.

Some people have expressed doubts over how localism will work in practice, such as how projects can be financed locally, and whether communities will have the will or the information to get involved in the planning process. On the first point, I think that the changes provide an important opportunity to encourage private investment into our region. I am confident that with the right co-ordination and guidance, we can see real involvement by communities, and investment by business in the future of the black country.

I have met many local people who are passionate about regenerating Wolverhampton into a more thriving city. Henry Carver, a local business man, has recently launched the Wolverhampton business group that aims to bring together businesses in the city, and put forward policies on what it believes the city needs. I have also met with the Black Country Reinvestment Society, which provides loans to small businesses that have struggled to get finance from the banks. It is pleased with the success it has seen so far, and I have supported its application to access the regional growth fund so that it can support even more businesses in the city. I hope that with increased money in the regional growth fund, it will be successful in its bid. Recently, I also met representatives from Lloyds bank and the Royal Bank of Scotland in Wolverhampton. I am encouraged that in these difficult times, I have seen practical examples of things being pushed forward. We are all conscious, however, that lending is not as free-flowing as we would wish.

The right hon. Member for Wolverhampton South East (Mr McFadden) referred to Bilston. I visited a business in Bilston called Tile Choice, which has been through a tough time over the past few years and reduced its number of staff from 80 to 60. I met the managing director and was encouraged to see that the business was being built back up, and that it was looking forwards rather than backwards. That is important;

we must change the mindset. We can get immersed in looking at what has gone before, but I was struck by the optimism of a business that seemed to be going places and was looking forward to how it could take on new members of staff.

The Government plan to provide further incentives for councils to attract investment and economic growth, and the proposed business increase bonus will provide an incentive to all councils to seek long-term sustainable growth in their business rate base. Local enterprise partnerships may create an important link between businesses, communities and local government, and help to achieve economic growth and regeneration plans for the region. Too often, regeneration projects have been slowed down by time-consuming and complex planning procedures. For example, UK Trade and Investment has stated that complexities in the planning system are among the top five issues that deter inward investment into the UK. The Government are to introduce a national planning policy framework that will place a priority on economic growth through simplifying planning procedure and reducing guidance. Furthermore, the Localism Bill seeks to include communities in planning decisions from an early stage.

All such measures seek to change attitudes and foster a pro-development approach that will remove barriers to development and allow communities to get involved in planning proposals so they do not feel that developments are forced on them. Providing local authorities with a general power of competence gives them the freedom to implement proposals that work specifically for their area. Neighbourhood plans also provide an important opportunity for residents to be involved in the future of their areas. I understand that both the British Chambers of Commerce and London First believe that those proposals could be used in town and city centres and business parks, allowing whole communities to be involved in creating local ideas for their local areas.

An important new proposal, which in hindsight might have helped with some of the difficulties with the Summer Row development, is that large-scale developers will have to consult people in the local community before submitting planning proposals. That could help to ensure that communities get the development that they want.

I shall now move to my second point. The local growth White Paper outlines plans to change the nationalised system of business rates. It hands over more power to local governments, allowing them flexibility in respect of funds and business rates. New proposals will allow local authorities to offer local discounts on business rates, provided that they are funded locally. The Government recognise that different areas have different needs and economic circumstances. That policy will allow councils to respond to the economic circumstances in their area.

I will, however, enter a caveat in respect of business rates. At one of my weekly surgeries recently, I was approached by a constituent—a gentleman who owns a retail unit in the centre of Wolverhampton. He spoke to me about his situation. He felt almost at his wits' end because of business rates. He felt driven almost to remove the roof from his shop because he felt that business rates had been particularly punitive. I ask my hon. Friend the Minister to pass on a message to the Government to be very conscious of that issue. It is very much about a mindset. The difficulty that we have with some of the investment angles for Wolverhampton is the perception that we are dealing with a problem. Having been in business for 20 years, I know that it is important to look at things as an opportunity rather than a problem. When it comes to business rates and the current system for empty properties, and industrial property in the black country and the wider west midlands, investors and business people are sometimes almost preoccupied with avoiding paying business rates, rather than looking at development, getting a tenant into a property and getting a thriving business going.

Let us turn to more optimistic things. In Wolverhampton, the council plans for a Wolverhampton technology corridor could benefit from the proposal under discussion. As the *Municipal Journal* notes, it could help new technology start-ups to access discounts. The i54 technology park has secured Moog, which is relocating to the park, and the council is in talks with the Indian aerospace industry about moving in. However, they need to address more businesses. The proposal under discussion could help to achieve that.

We are all aware that this is a time of economic austerity. In such times, regeneration may appear to be a difficult task. However, the local growth White Paper outlines approaches such as tax increment financing, which can assist councils to obtain the extra funds that they may need for regeneration projects. That approach allows councils to borrow against future additional uplift in their business rates base. Obviously, that will need to be managed to minimise risk, but it could provide the means for additional investment to go ahead. A point that I have previously made in the main Chamber is that in the US, where many of these business rate projects were piloted, they were often developer led. An article in *Estates Gazette* highlighted the fact that the Government might consider such an approach to financing: rather than the onus being put on local authorities and councils, perhaps the developer could move forward.

Linked to attracting new investment and businesses to our region is ensuring that we have the skilled work force to fill the new job vacancies created. The strategy for sustainable growth highlights the importance of skills in creating the conditions needed to reduce the deficit and to stimulate growth. Reforms to the apprenticeship programme, creating up to 75,000 new apprenticeship places, investing up to £250 million during the spending review period and increasing advanced level apprenticeships, will improve the skills of the potential work force and help to meet our target of having a world-class skills base. We need to ensure that training providers work with businesses to ensure that training meets the needs of employers and that businesses are helped to offer apprenticeship placements.

Recently, Professor John Bryson from the university of Birmingham has highlighted the fact that insufficient attention has been paid to equipping the work force with the skills required to take advantage of new high-tech, high-value engineering opportunities. There has been a lack of forward thinking. He estimates that 90,000 hard-to-fill manufacturing jobs will appear in the west midlands during the next five years. That is in line with research conducted by the region's councils, which found that two thirds of the work force lack the technical skills required by employers. It underlines the importance of reforming the apprenticeship programme—creating more advanced level apprenticeships and ensuring that training matches the skills that the job market wants.

[Paul Uppal]

Let me illustrate the point. I remember being on vacation a few years ago with my son. We were at an event and at one point all the children were invited on to the stage and asked what they wanted to do in the future. Some said "journalist". Most said that they wanted to be on TV. My son proffered the idea that he would like to be an engineer. I remember the look of incredulity on the faces of the parents in the audience, which illustrates the problem that we have in relation to engineering. I know from talking to lecturers at the university of Wolverhampton as well that there is huge demand from the engineering sector. We need to break down the perception that engineering is the sort of job where people have to roll up their sleeves and do difficult manual work. It is not. It is a very creative aspect of our economy at the moment and will offer great potential.

I shall return to the main point. Manufacturing is doing quite well at the moment. We have had encouraging figures in relation to manufacturing, and I would like to see the Government embed that for the future. Much of the discussion on this issue relates to the fact that sterling is quite low at the moment, but let us consider the German analogy. A few years ago, the Germans were in a similar situation. The question is how we can embed the progress that has been made, so that manufacturing becomes something that we can sing really loudly and proudly about, especially in the black country and in the west midlands in general.

Lorely Burt (Solihull) (LD): I am listening to my hon. Friend's speech with absolute fascination because it is a very good analysis of where we are at the moment. I am from the black country myself, hence my interest. On the importance of sterling and the manufacturing figures, which those who maintain the purchasing managers index say are the best since they started keeping records 19 years ago, does my hon. Friend agree that the figures relate also to extra demands, extra exports, more jobs being created and new orders coming in? It cannot just be down to sterling. It is because manufacturing is finally getting off its knees, and of course the black country is the home of manufacturing.

Paul Uppal: The hon. Lady makes an excellent point. She has pre-empted, as is always the case, something that I was going to come to. We in the UK are uniquely positioned in the global market to tap into the new emerging markets in India, China and south America. To go down to an even more specific level, the black country, with the significant community from the Indian sub-continent who have settled there, has a unique and wonderful opportunity to take that forward and expand on it. I wholeheartedly agree with the hon. Lady. There are great opportunities. It is not just a sterling issue.

I am confident that the Government are implementing plans that will put this country back on track financially. I know that the tools that they are providing for local growth will help the black country immensely. I sincerely hope that this debate will allow us to put a focus on the region that we all represent. I welcome everyone's views in the debate and their opinions on how we can kick-start the investment that our area so desperately needs.

11.18 am

Mr Pat McFadden (Wolverhampton South East) (Lab): It is a pleasure to see you in the Chair, Mrs Riordan. I congratulate my constituency neighbour, the hon. Member for Wolverhampton South West (Paul Uppal), on securing the debate. My other neighbour, my hon. Friend the Member for West Bromwich West (Mr Bailey), the Chair of the Select Committee on Business, Innovation and Skills, said that he would have liked to be here, but he has Select Committee business.

This is an important debate because it is really about the hinge between the area's past and its future. Wolverhampton and the wider black country rightly are proud of the industrial heritage that they enjoy. They are proud of the great names that put their stamp on the area. In my constituency, those names include Stewarts and Lloyds, Sankey's, GKN, Rolls-Royce and Sunbeam. Those names ring through the years. Those names matter, and history matters, because it is from history that people draw identity and meaning. The question today, however, is what the black country will do for a living in the future. Where will people find jobs? How will they make a living? That matters very much in my constituency, which is, sadly, among the top 15 constituencies in the United Kingdom in terms of unemployment. In the time I have, I want to make a few points about that.

First, we should not pronounce manufacturing's death rites, as we are sometimes too ready to do. Many of the big names I mentioned a few moments ago have gone, as have the individual sites that used to employ thousands of people, but manufacturing still employs a greater proportion of people in the local economy than it does in the national economy. In my constituency, companies such as Nuclear Engineering Services, Mueller Europe, Fortress Interlocks, Bilston Engineering, Barnshaws and many others do an excellent job and provide valuable local employment. As the hon. Gentleman said, we also have an important aerospace cluster, with firms such as Goodrich, Timken and Moog. That is a potential growth area, which can be nurtured and built on.

What the Government do on manufacturing can help or hinder it. If we want to support an economy that makes things—I think that that desire is shared across the House—it is a mistake to abolish programmes such as grants for business investment. Over the past six years, those grants amounted to £400 million across the country, they secured about 10 times that amount in private sector investment and they protected or created about 80,000 jobs. There is good news in manufacturing at the moment, but that is a reason to support it, not to withdraw help.

I make the same point about the changes that the Government have announced to capital allowances. Just because this complex issue is not widely understood, that does not mean that it does not have an effect. The Government are keen to talk about the cut to corporation tax, but it is actually being paid for by cuts in the tax support to manufacturing industry. The Budget Red Book makes it clear that the £2.8 billion that will be taken from manufacturing is exactly the same as the amount that will be given in corporation tax cuts. In effect, there will be a shift, with the help being given to the whole economy, rather than directly to manufacturing. To put it another way, manufacturing will pay for a tax

cut for the rest of the economy, which is not in the interests of the economy in my area or the companies that I mentioned.

The second point I want to make is that, when it comes to the area's regeneration, its future and investment, we should use the local population's diversity as a source of economic strength. Some years ago, I co-founded the Wolverhampton India project with other partners in the city, such as the city council, the university and Wolverhampton college. It was founded precisely to build on the fact that we have a large Indian population and to see what more we could do in the fields of trade, education and sport. We had fantastic support from the city's educational institutions and the Punjabi Wolves supporters club—a fine body of people, who have driven and created a groundbreaking friendship agreement between Wolverhampton Wanderers and Jagatjit Cotton and Textile Mills football club of Punjab. Such cultural and sporting links can help with future commerce and trade. The fact that the city has a large Indian population gives us a strong and living link to a country that is one of the economic giants of the 21st century. We should build on that for future trade and commerce, and the city is already trying to do that through aerospace work with the Bangalore area.

The third issue I want to raise is skills and equipping people for the future. We have made progress on skills. There has been a lot of investment in Wolverhampton university, as well as significant investment in Wolverhampton college, and we have some excellent schools. However, in too many cases, achievement in Wolverhampton and the black country is still lower than it should be, and opportunity is denied. Governments —of either colour—cannot make globalisation go away, but they should leave no stone unturned in equipping people for globalisation. That is why educational improvement is essential. Put bluntly, we need higher standards, better results and fewer excuses for underachievement.

In that light, it is a mistake to abolish education maintenance allowances when it is crucial in today's labour market that people can get the skills and qualifications they need. In Wolverhampton, the abolition of EMAs will affect 4,000 young people. It will affect 2,000 16 to 18-year-olds at Wolverhampton college. I recently met its students, who told me that that will make it harder for them to achieve the skills and qualifications they need. We should remember that many of these young people are not from families with a history of people going on to further and higher education and that they are sometimes the first generation to do that. The Government's role should be to help those young people, rather than to take away the support that is there.

Emma Reynolds (Wolverhampton North East) (Lab): Does my right hon. Friend agree that it is not only short-sighted and wrong to end the education maintenance allowance, but that the so-called evidence base that was used for the decision did not take into account the particular circumstances of students who go to further education colleges such as Wolverhampton college? Many of my constituents travel there and back every day. Leaving school and going on to a further education college is difficult, and the costs involved are significant, but the Government's decision has not taken that into account.

Mr McFadden: My hon. Friend makes a good point. The Institute for Fiscal Studies said that the maintenance allowances paid for themselves, given the benefits of higher participation in further education in the future. Issues such as transport have an important impact when families are often making decisions in difficult financial situations. The question of skills and equipping people for the future is therefore absolutely central to the economic future of Wolverhampton and the wider black country.

I want to touch on a point that the hon. Member for Wolverhampton South West made about decision making and planning, because it is crucial. He mentioned the Summer Row development, which dragged on for years. The fact is that the economics never really stacked up in the recession in the way they did beforehand. It is sad that the project is not going ahead, but we at least have clarity now, and we can plan for the future. However, I have an important question for the Government. I do not really expect the Minister to go into this in much detail, but if I was a betting man, I would say that robust discussions were taking place between his Department—Business, Innovation and Skills—and the Department for Communities and Local Government. There is a legitimate desire for localism and for people to be more involved in local decision making, but the Minister and the hon. Gentleman will also know that major investors want clarity and speed. Sometimes those two things are in tension, which is why the Labour Government made planning changes towards the end of their period in office to try to speed up the granting of permission for major projects, which has been too slow. My question as regards the rhetoric and practice of more localism is whether that tension will lead to businesses becoming frustrated about future planning and decision making. The truth is that we cannot say for certain at the moment, but it would be wrong to deny that there is a danger, because there is.

Although projects have been cancelled—in addition to Summer Row there has been the announcement by Hilton Hotels—there are also projects going ahead. On Friday I had the pleasure of being at the opening of the new Bilston police station, a development of several million pounds at the heart of the town. The increased visibility of the police presence in the town is very welcome. Of course it is a pity and an irony that we are opening a new police station at the moment when the number of police in the West Midlands police force is set to be cut significantly; but the police station itself is of course welcome. I was also able to tour the partially built new Bilston leisure centre. That is also a multi-million pound project. It is part of the Bilston urban village project, which is so important to the future of my constituency. It will have a new swimming pool, a training pool, indoor sports courts and a gymnasium. It is a crucial investment, not just because of its construction, but for quality of life and the future health of the local people. After I went there I visited a private sector development along the black country route, where a new car auction will be opened. The owners told me that at least 15 new jobs will be created there. Although we have had bad news, therefore, developments are going ahead in the city and we must build on that fact.

We must do better in decision making. The supermarket wars that affected the constituency of the hon. Member for Wolverhampton South West and my own constituency

[Mr McFadden]

dragged on far too long. The problem was that although the different supermarkets may have owned the land they were not the only owners of the interest in the matter. The people of Wolverhampton also had an interest, which was in major sites not lying fallow for years while landowners fought battles in court, and in not having such blight on major parts of the city.

The city council has produced new plans, including the plan for the Bilston corridor. I recently attended a meeting of the Metro business partnership, which represents businesses sited along the Metro line, between the city centre and Bilston. It was ably chaired by Anna-Maria McAuliffe of the McAuliffe construction group. The concern expressed by a number of businesses was about whether we get the right balance between allocation of land for housing and for future employment. I think that in a constituency that is in the top 15 for unemployment it is important to allow potential for business to locate, and for jobs to be created. We should not get that balance wrong.

As to the local enterprise partnership, we could go back over Government decisions but I do not propose to. They made their decision to abolish the regional development agency. I would not have made it, but it has been made, and the question is what to do in the future. I pay tribute to the business people from around the black country who have worked so hard to put the local enterprise partnership project together. As we were briefed by Mr Stewart Towe last week at a meeting with the black country chamber of commerce, those people have identified a serious agenda involving skills, planning and some of the issues that we have been discussing, including transport, on which they want to take action. However, they need resources to do that, and the regional growth fund is already heavily oversubscribed. I believe that the Government will have given a false prospectus to businesses in the black country and, indeed, elsewhere in the country if, having worked so hard to put the partnerships together, they do not get the resources to deliver. We shall watch closely to see whether their effort is matched by Government effort to provide those resources. If that does not happen, it is not only the business people who have worked so hard, but our constituents, who will feel very let down.

These have been tough times for the black country economy. It was hit hard by the recession. Although unemployment is high, the interventions made by the previous Labour Government had an effect in stopping recession turning into depression. The figures for unemployment, business failure and home repossession are all significantly lower for the recession we are coming out of than they were in the previous ones. Our challenge now is to take the strong history and identity that I mentioned at the beginning of my speech and bend it to a new purpose. Our opportunity is there. We have a strong aerospace cluster: let us use it to win more trade and business. The economy is shifting towards lower-carbon purposes. Let us use the excellence and creativity of the manufacturing tradition, so that we can take opportunities in the automotive field and other low-carbon fields. The creative industries are a growing percentage of the economy and they should also be supported and nurtured in the local economy, as should distribution industries and retail, and many more. We need the right skills and the right decision-making framework, nationally and locally, and we need the backing of Government to make it happen.

11.35 am

Emma Reynolds (Wolverhampton North East) (Lab): It is a pleasure to serve under your chairmanship, Mrs Riordan. I congratulate my parliamentary neighbour, the hon. Member for Wolverhampton South West (Paul Uppal), on securing this important debate. Each of the three Wolverhampton MPs agree, I think, that driving regeneration in our city is a priority. There has been recent frustration about the Summer Row project to which the hon. Gentleman referred. If anything good can come out of bad news it will be the mood of co-operation in Wolverhampton—the sense that we need to pull together to make regeneration happen.

I know that in last week's and previous council meetings there have often been heated debates, but councillors of each of the three parties understand how difficult it is to bring about regeneration. It might be easy to draw up the plans but it is hard to deliver, and lessons should be learned about the lack of progress on Summer Row, and other projects, which my right hon. Friend the Member for Wolverhampton South East (Mr McFadden) mentioned. I pay tribute to my right hon. Friend in particular for his work as Business Minister in the Labour Government, and I want to echo some of his concerns, and the questions he put to the Minister today.

As a Member for the north of the city I shall, as the House might expect, concentrate my first remarks on the aerospace industry because there is an aerospace cluster in the north of the city. We have three major aerospace companies: Moog, Goodrich and HS Marston. We also have Timken in the south of the city. The hon. Gentleman mentioned the i54 business park and the importance of that site in creating and sustaining jobs in the city.

One of my first meetings as a Member of Parliament was with Moog, which was considering moving out of Wolverhampton, or to the i54 business park. We were determined to make sure it stayed in Wolverhampton so that we could retain the hundreds of jobs it supports. I thank Advantage West Midlands not only for working with Moog to ensure it stayed in Wolverhampton and moved on to the i54 site, but for getting the project off the ground. A lot of decontamination work was done on the site, thanks to the work of Advantage West Midlands. As my right hon. Friend said, we understand that the decision to abolish the regional development agency has been made, but I should like the Minister to comment on how to retain some regional strategic vision for the west midlands, and the black country in particular. I think that the i54 is central to that. Will the Minister say how the Government will see that vision once Advantage West Midlands has been abolished?

I would also like to comment, as did my right hon. Friend, on the work of the local enterprise partnerships. It is important that LEPs in the black country and elsewhere in the region work together. Like the i54 technology park, they have a strategic importance.

I have another question for the Minister about the i54. I know that consultation is taking place at the moment, but what will happen to the assets of Advantage West Midlands? Wolverhampton city council and South

Staffordshire council have a stake in the i54 site, but most of it is owned by the RDA. I would prefer the state to retain ownership of that significant asset, as the cost of security there is substantial and I doubt whether a private sector company would want to take it on at the moment.

I turn now to exports and inward investment, which were mentioned by both of my parliamentary neighbours. I wish to speak specifically about exports. Last year, I went on a parliamentary visit to China. On my return, I was inspired to ask the manufacturing advisory service in the west midlands if it would organise a meeting for local businesses in Wolverhampton and more widely with the aim of helping them to export to China, as it is not always easy to export there. The meeting took place two weeks ago in Birmingham and there was a great turnout, with great demand from local businesses. Will the Minister say a little more about the Government's overall strategy on driving up such exports, and ensuring that local businesses have the necessary advice and are given it on a timely basis?

My right hon. Friend mentioned partnership work with India, which is incredibly important. I know that the leadership of the council—both the Labour leader, Roger Lawrence, and the chief executive—are determined to ensure that we exploit the cultural and trade links, referred to by my right hon. Friend, between our city and India and other emerging economies around the world. Will the Minister reassure this House that when the Government finally set out their growth strategy they will take account of the strengths and weaknesses of the regions? I agree with the hon. Member for Wolverhampton South West that many of the opportunities presented by globalisation have in the past gone to London and the south-east, and that we have not always been able to grasp them. The Government should take account of those strengths and weaknesses and of the needs of the regions, and particularly of the black country. As my right hon. Friend said, the black country is shaped by its history. We used to be the beating heart of the industrial revolution. Although we still have a large manufacturing base, we have lost jobs in that sector. There is much talk about rebalancing the economy, but will the Minister tell us how much work is going on to make it happen?

I declare an interest, in that the manufacturing advisory service is based in my constituency at the Wolverhampton business park. However, that is not the only reason why I would like MAS to have a continuing regional focus. Will the Minister tell us something of the Government's intentions? Various rumours are flying around about wanting to centralise MAS in London, but I would advise against that. Local businesses need advice that is tailored to their specific needs, and it should be delivered locally. I have received that message from several businesses in Wolverhampton, and I urge the Minister to take it on board.

I deal now with the regional growth fund. We know that that there is a substantial decrease in the money being made available. The RDAs used to receive in the region of £2 billion a year, and the regional growth fund is set at £1.4 billion over three years. If my maths is correct, that is a little over £500,000 a year, which is barely a fifth of what we had before. Like my right hon. Friend, I do not want the Government to give local business organisations a false prospectus about how much money they will receive from this pot. Will the Minister clarify the timing of decisions on bids for the regional growth fund? As expected, I support the bid from the black country local enterprise partnership, as well as that of the Black Country Reinvestment Society mentioned by the hon. Member for Wolverhampton South West. Will the Government give special consideration to those parts of the country whose needs are greatest and who were hit particularly hard?

Mr McFadden: I endorse what my hon. Friend said about the Black Country Reinvestment Society. Every time we meet businesses, they question us about access to credit, difficulties with the banks, the terms of loans and all sorts of other conditions being changed—and sometimes refusals, which makes life harder for them. The society plays a crucial role in filling that market gap by lending to small businesses that cannot otherwise get credit. It helps them to survive, to grow and to employ. I am sure my hon. Friend will acknowledge that many in our region have supported the society's bid to the regional growth fund precisely because it fills that gap. Daily experience tells us that the banks are not filling it.

Emma Reynolds: I could not agree more. The Minister will doubtless take on board the strong message that he has received from the three Members for Wolverhampton about our support for the bid from the Black Country Reinvestment Society. As my right hon. Friend said, it is important that the Government fill that gap, to ensure that loans are available to enable local businesses to grow, and thus to employ more people. Frustration is felt across the House—this is not a party political point—that the banks are not lending to viable businesses that need money to be able to flourish. The Minister will have received that message loud and clear.

Some projects have been set back by various problems, the main one being planning. My right hon. Friend mentioned the fact that two supermarkets are wrangling with each other over sites in his constituency and in that of the hon. Member for Wolverhampton South West. As my right hon. Friend so eloquently said, it affects not only the two supermarkets but our constituents. We have seen those sites lying redundant for many years while the supermarkets fight it out in the courts. I hope that progress will be made, and that the Raglan street and the old Royal hospital sites can be developed. There is a great need and a demand for that.

Another site in my constituency that has gone through this process, with bids and projects falling through, is the Springfield brewery site near the railway station. It is another example of plans being frustrated. The hon. Gentleman mentioned phase 2 of the Wolverhampton interchange project. I would like to see the railway station completed, but the work has been put back. There are uncertainties about whether it will take place, but I hope we can get it back on track.

My right hon. Friend made the good point that there is a tension between the drive for localism and the demand of business, which we hear loud and clear, for clarity and speed in the planning process. I would like to hear the Minister's thinking on this. If we are to drive regeneration in Wolverhampton, it is essential that some of these planning problems are resolved, and that businesses have the certainty necessary to invest in Wolverhampton. We need to think about these things clearly. Is there a

[Emma Reynolds]

tension between the spirit and the provisions of the Localism Bill, and in some of the issues that we have outlined today?

11.50 am

Ian Austin (Dudley North) (Lab): It is great to see you in the Chair, Mrs Riordan, and to be taking part in this debate. I congratulate the hon. Member for Wolverhampton South West (Paul Uppal) on securing the debate, and the two Wolverhampton MPs on their brilliant contributions. My right hon. Friend the Member for Wolverhampton South East (Mr McFadden) was absolutely correct when he said that the central issue that faces us is how to restructure our economy to exploit the opportunities provided by the new industries to bring new jobs and prosperity to Wolverhampton and the wider black country, including to my own constituency.

My right hon. Friend listed a series of great 19th and 20th-century companies that have made a huge contribution to the British economy. I represent Dudley, which lit the spark that fired the industrial revolution. It was the first place to learn how to smelt cast iron using coke, without which the industrial revolution would never have taken place, changing not just Dudley and the black country but the whole of the world. The central question now is how we learn from those great innovators, who were thinking not just about the future but how they could bring in new industries and new jobs to change the region in which they lived and worked. We must do the same again in the 21st century.

Let me speak briefly about the particular issues that relate to Dudley and then about those that relate to the wider sub-region. I grew up in Dudley. I love it to bits and am really proud to represent it. Anyone who lived in Dudley in the '70s and '80s will know that our town centre has seen better days. We have been hit hard by three things: the growth of out-of-town shopping, the decline of traditional manufacturing on which the area's prosperity was based, and the loss of our university campus—it was originally a teacher training college.

Under the leadership of Bill Kirk, the council is at last introducing long-awaited redevelopment plans, but they need to be put into action urgently. Will the Minister tell me whether those plans will receive the same level of support in the future as was planned in the past? It is crucial that they do so that we can get new investment in the town centre, develop vacant sites and provide new car parking and new shopping. It is crucial that the world-renowned tourism attractions at Castle Hill, such as Dudley zoo and the world-class black country museum, receive the funding that they are bidding for from the regional growth fund so that we can attract new visitors and boost the town's economy.

I invite the Minister to visit Dudley. He will not regret it, because it is the greatest town in the country. He will see our fantastic facilities and our great plans for the town centre, which I hope he will support.

Dudley is the largest place in the country to have no university campus. The university was originally Dudley teacher training college. I grew up on the street that had the teaching training college at one end and the halls of residence at the other. As a child, I would see students with books under their arms walking up and down the road, and that must have persuaded me that staying on at school and going to college and university were the normal things to do. It is tragic that we no longer have that example in our area, because we need to get more young people staying on at college and going to university. Is the Minister prepared to treat Dudley as a special case?

Paul Uppal: I thank all hon. and right hon. Members for such a good debate. I am very heartened by the non-partisan attitude that has prevailed. It is obvious that we all have our own constituencies at heart here. I am also a trustee of the Sikh temple on Upper Villiers street in the constituency of the right hon. Member for Wolverhampton South East (Mr McFadden). It used to be the site of the original Sunbeam motor factories. Although cars are no longer produced there, love and happiness can still be found there on a Sunday—because of the more spiritual dimension that the temple has brought to Wolverhampton.

Let me return to the point about education and how we can tap into our young people's ambition and aspiration. Much of the heritage that has been fondly mentioned here today came from a buccaneering spirit: people often felt that they could beat the world. I am sure that that attitude still exists, but it is latent and needs to be inspired. Coming from a modest background and going to a state school, I am aware of the issue. It is about being exposed to an environment that makes us think we can do whatever we want to do. We need to spread that message and ensure that it reaches down not just to teenagers but to primary and secondary schools.

[Annette Brooke *in the Chair*]

Ian Austin: The hon. Gentleman is absolutely correct. We have many great strengths in our region: hard work, ingenuity, adaptability and innovation. Those are the attributes on which we launched the industrial revolution and built Britain's economy. As my right hon. Friend said, although we have some world-beating companies, we do not have enough. The truth is—this is the central point that I want the Minister to consider—that our region has been hit harder than anywhere else in Britain during this recession. The recovery is more fragile. We will take longer to emerge from the recession and to attract new industries and new jobs unless we take action now. Such structural problems are not the result of mistakes made over the past few years. In 1971, the combined economies of the midlands and the north were greater in size that those of London and the south-east. By 1976, the economy of the west midlands had fallen behind and we have not matched the national average of output and productivity on a per capita basis for more than 30 years. We have been falling further and further behind.

Our region is the only place in the country where private sector investment has declined over the past 20 years. That is as a result of major structural challenges in relation to transport, trade, innovation, reputation and skills. The central issue is that of skills. It absolutely underpins the challenges that we face and how we need to address them. As my right hon. Friend said, we have made major improvements in this area over the past 10 years or so. For example, in 2005 employer investment

in training and retraining in the west midlands was the lowest in England. By 2007, it was the fourth highest. In 2005, we had the highest proportion of vacancies owing to skill shortages, but by 2007 we had completely turned that around so that we had the lowest. We had the best performing apprenticeship programme in the country and the best Train to Gain service.

We need to boost the number of graduates working in the regional economy. We have 70,000 fewer graduates working in the west midlands than in other parts of the country. Much of that is about the structural make-up of our economy. Our region has a larger proportion of small and medium-sized enterprises than elsewhere. A struggling owner/manager of a small business who is trying to keep their head above water is not likely to be thinking about how to build links with universities, employ graduates and invest in new technologies and all the rest of it, as the major companies are able to do, so we need to address that point in particular.

Despite our region attracting some of the world-beating aerospace and engineering companies that my hon. Friend the Member for Wolverhampton North East (Emma Reynolds) and my right hon. Friend have both listed, the central issue of skills is the reason why we have not been able to attract the new industries in ways that other regions have. For example, Britain is a world leader in the manufacture of pharmaceuticals, but all the jobs in that sector went to the south-east because we did not have the skills that the pharmaceutical companies were looking for. Similarly, during the computer revolution in Britain we did not manage to attract the number of jobs that the Thames valley did because we were unable to persuade the computer companies investing in Britain that we had the skills they were looking for.

During the next few years, there will be major opportunities in the low-carbon sector, in advanced manufacturing, in health care and biomedical sciences, and in digital media, which will provide hundreds of thousands of well-paid, highly skilled jobs, and it is absolutely crucial that we have a new industrial revolution to bring those jobs to the black country. That is why the whole of our sub-region should decide collectively that we will set for our communities the ambition of achieving the biggest rise in educational standards anywhere in the country. If we do that and get colleges and universities working together to equip people with the skills they will need for the advanced manufacturing revolution and the new low-carbon industries that will emerge, as well as getting the councils working together on these issues, I am absolutely convinced that we can build a stronger economy for the future.

There are just a few final points that I want to raise with the Minister. First, I have to tell him that, for an area such as the black country, increases in tuition fees present very serious challenges to the aim of getting more young people to stay on at college and go to university. Also, the abolition of the education maintenance allowance is a disaster for the communities that the Members here today represent. I visited students at Dudley college and I found that four out of five students at the college receive EMA. Many of them are very worried about whether they will be able to stay on at college if they lose it. They are not using it for going out or for luxuries. Those who are studying construction or public services have to buy uniforms and equipment with it. They and other students use it for their transport, to buy their lunch and for their books. It is the funding that is enabling them to stay on at college, and I plead with the Minister to make an area such as ours a real priority for the support that will be available for students so that they are able to continue their studies.

Will the Minister reflect on the points that I have made about the structural challenges that the black country faces and consider how he can make an area such as ours a priority when it comes to allocating funds from the regional growth fund? If we do not restructure and breathe new life into the economy in an area such as the black country, there is no way we will be able to get the economy of the country as a whole moving forward in a way that I am sure the Government want.

12.2 pm

Ian Lucas (Wrexham) (Lab): It is a pleasure to appear before you again, Mrs Brooke, and it has been a pleasure to listen to the debate.

I commend the hon. Member for Wolverhampton South West (Paul Uppal) for initiating this debate on behalf of his constituency and, of course, the wider region. I hope that I get all the geographical directions and references correct in my contribution. I also commend all the right hon. and hon. Members who have spoken eloquently on behalf of their constituents today. It is extremely valuable to have the opportunity in Adjournment debates to focus on particular areas. Although that is very valuable for me, it is even more valuable for the Minister, because he can focus on that particular area of the country and the particular issues relating to it not only in the contribution that he will make to today's debate but in his preparation for it.

The contribution that debates such as this make cannot be undervalued, especially when we have had such excellent speeches today from all parts of the House. As the hon. Member for Wolverhampton South West said, it has been a non-partisan debate because all of us want Wolverhampton and the black country to succeed. Although we have different road maps to achieve that aim I am sure that all of us can make positive contributions towards achieving it.

One issue is that we are, of course, in difficult economic times. We have just come through the worst recession since 1929 and a huge banking crisis. There are difficult times at present with very difficult growth figures. In that context, finding the right policies to allow Wolverhampton and the black country to develop and prosper is extremely difficult, and there are different routes that can be taken.

Concerns have been expressed about the possible conflicts that exist in legislation such as the Localism Bill. In an area such as Wolverhampton, it seems to me—although I of course defer to the local knowledge of the area of all right hon. and hon. Members who have spoken today—that getting the balance right between the interests of business and the interests of residents will be extremely difficult. We all have planning issues that arise in our area that are difficult for us to make calls on, because there are different and conflicting ideas about them.

One of the themes that has emerged in the debate is that, as far as Wolverhampton and the black country are concerned, the focus must be on business and growth.

[Ian Lucas]

My right hon. Friend the Member for Wolverhampton South East (Mr McFadden) referred to the fact that his constituency is in the bottom 15 in the country as far as unemployment is concerned. That is a major threat to the prosperity and the attractiveness of the area, as it would be for any area of the country.

Of course, Wolverhampton has been well established for many years as a hugely important manufacturing city and as a city that has a huge amount to offer. As we have already heard, what needs to happen is that the attractions that made Wolverhampton successful in the past—entrepreneurial drive and individuals with ideas who were able to use those ideas to create manufacturing, jobs and prosperity—need to be developed once more. Those attractions have been developed before and they need to be developed again.

At the heart of that process is the skilled work force that we have just heard my hon. Friend the Member for Dudley North (Ian Austin) talk about. He referred to the fact that, at present, there are young people who are training and trying to get on in their lives, and they are being given support through the education maintenance allowance, but that support is being withdrawn. That is pulling a ladder away from those young people and it is a very damaging policy.

I know that the Government are introducing alternatives to the EMA. However, earlier this morning I was speaking to a group of young people from my constituency of Wrexham about the EMA. For the west midlands, that Government policy will lead to a competitive disadvantage, and that also applies to tuition fees. Therefore, that educational limb of development policy is putting Wolverhampton at a disadvantage.

What is very striking about the globalised world in which we live is that it is intensely competitive. Globalisation will not go backwards. It will continue and become more intense. Consequently, if we are to compete we must devise in our own country the right policies to deal with it. That means that we need to take advantage of the skills and the established industries that we have.

In the Wolverhampton area, aerospace is a hugely important industry. We are one of the leading aerospace manufacturers on the planet. In fact, we are the number two aerospace manufacturer, behind only the United States. To ensure that we continue in that position and continue to offer work of the highest quality, an area such as Wolverhampton needs to compete. It needs to compete internationally, so it needs to have the support of Government with provisions such as the grants for business that were referred to by my right hon. Friend. The reality is that, if that Government support is not provided within the UK, it will be provided in France, Germany, Spain, China and other parts of the world. It is simply not the case that businesses and industries such as aerospace will not move. If we do not compete on a level playing field—to use that dreadful phrase—with those countries, in terms of the type of support that the Government offer, we will lose out.

Mr McFadden: Does my hon. Friend agree that the other important point about that state help is that it is not just the Government going around signing cheques for business, as it has sometimes been characterised, but their playing a, usually, small role in levering in significantly more private sector investment? One of the striking characteristics of the Department for Business, Innovation and Skills figures on the grants for business investment scheme is that for every £1 spent by the Government £10 more was levered in from the private sector. This is not, therefore, just about propping up failing industries or holding back the future, it is about the Government playing a small role to get the private sector to play a far bigger one.

Ian Lucas: My right hon. Friend is of course absolutely right, and the examples are many, the most obvious recent one being Nissan in the north-east. Its Leaf vehicle manufacturing is supported by this Government, who decided that it was a sensible investment. With one exception, the Government have looked at the investments made by the previous Government and have supported them. They do lever in private finance, and that inward investment has to come.

We have heard that Wolverhampton has a strong Indian connection. As someone from outside of the region, I beg to suggest that that connection be used strongly by the community—I am sure it is—in relation to its competitiveness within the UK. The type of connection that culturally can exist between a city with Wolverhampton's background and the Indian community locally can create huge export opportunities, and I venture to suggest that the university of Wolverhampton will develop Indian contacts. Does the Minister believe that the student visa restrictions being considered by the Government are in the best long-term interests of UK industry? The granting of those visas brings so much inward investment and income to our universities, and I am receiving many representations about the visa restrictions, from universities both in my constituency and beyond.

Emma Reynolds: On that very point, I have had a representation from the vice-chancellor of the university of Wolverhampton, who is very concerned about the restriction on the number of student visas, especially when universities are seeing their teaching grant cut back significantly. The university of Wolverhampton grant is being cut by more than 80%, which is greater than the average, and the vice-chancellor is concerned that restricting student visa numbers will deprive the university of a significant income stream.

Ian Lucas: I thank my hon. Friend for her contribution. There is a significant diminution of the income stream at present, but the connections in the long term are also massively important. She and I visited China in the latter part of last year, and I was stunned to hear that 70% of Chinese graduates who go to university abroad take up employment abroad and do not return to China. What struck me about that was that huge cultural and business connections can be established with those students in the countries to which they have moved—it might be the United States; it might be the UK. For an export-driven economy, which I know the Minister wants to achieve, we need to have that type of connection, and that way of working with the hugely developing countries of the developing world will enable it to happen.

I would like to raise a point about local business structures and local government structures with the Minister, because I am confused about the position of the Government office for the west midlands. We all

heard last year that it would be abolished as part of the restructuring of governmental agencies, and that to support localism the functions would be transferred to local government level and to centralised level—to the Department for Business, Innovation and Skills. I have read reports, including in the *Financial Times*, in the past week that the Secretary of State for Business, Innovation and Skills is talking about creating regional structures within certain UK geographical areas. Could the Minister indicate whether the Government office for the west midlands, among other Government offices, will have a role as far as BIS is concerned? It is important that in an area such as the west midlands there is a contribution, of some sort, at a regional level. The sense of that is far more important than the political face that might be lost by reversing the decision. Provided that the structure was right, such a body could support the type of redevelopment and regeneration that we all want to see in Wolverhampton and the black country, across the west midlands and, of course, across the rest of the UK.

I congratulate the hon. Member for Wolverhampton South West on his contribution today. He has initiated and engendered a very worthwhile debate, which I am sure will continue.

12.16 pm

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): This is the first time that I have served under your chairmanship, Mrs Brooke, and I am happy to be guided by you in ensuring that we maintain order.

I congratulate my hon. Friend the Member for Wolverhampton South West (Paul Uppal) on securing the debate. I had better get my geography right. I notice that north-west Wolverhampton is struggling here, but I am sure that the Wolverhampton Members have it all covered. This has been a really good debate, with an excellent and insightful contribution at the beginning by my hon. Friend who, like other right hon. and hon. Members, correctly pointed to the need for local collaboration, whether between Members—evidence of which we have seen today—or between different civic and business partners, looking at how the future of not just the Wolverhampton economy, but those economies that surround Wolverhampton, can flourish.

My private office will be appalled by yet another diary request, but the temptations of Dudley zoo are strong, so I shall have to see when a visit might be feasible. I am grateful to the hon. Member for Dudley North (Ian Austin) for his invitation, and I shall certainly be happy to receive a more formal one in due course.

Right hon. and hon. Members are absolutely right to start by looking back at the history of the area. I will not get into the local concerns about whether the spark was in Walsall, Dudley or Wolverhampton, because I do not think that my job is worth that. What is important is that—

Ian Lucas: It was in the north-east of the region.

Mr Prisk: No, I will not get into even that debate. What is important is that Wolverhampton and its surrounding areas—the black country—are a genuinely industrial heartland, and that context makes regeneration doubly difficult, as technology and industrial capabilities have moved on. I think that the point that the hon. Member for Dudley North made was that in more recent years, as technologies and capabilities have changed, it is difficult to regenerate an area that has a long history in contaminated land, or whatever. The renewal task, therefore, can be challenging, and highlights the importance of clear national economic policies and good local leadership. I shall come on to a number of the wide-ranging issues that have been raised today.

The Government and I feel that we need fiscal stability and clear policies to best promote future growth and jobs, which does mean supporting infrastructure, ensuring that we invest in things such as manufacturing, and setting free enterprise and that can-do spirit, to which my hon. Friend referred. That is why we have set out our £200 billion 10-year national infrastructure plan, with £14 billion going into rail and £10 billion into roads, and why we want to press ahead with High Speed 2 so that London and the midlands are conjoined more effectively and dynamically. It is why we are supporting small businesses by reducing the corporation tax rate from 21p to 20p, reversing the previously planned increase in the employers' national insurance contributions, and increasing the limit for the 10% entrepreneurial relief rate on capital gains from £2 million to £5 million. It is important to send out a signal that taking the step of building a business will be rewarded by gains created, wealth generated and, of course, additional jobs.

That is why we seek to support sectors of the economy that have been largely ignored in recent years by what I call the commentariat. Advanced manufacturing is a strong example. Although we might have different road maps for getting there, I think that all Members share a belief that the role, importance and current capabilities of manufacturing in this country have too often been ignored, particularly by the media.

That is why we are cutting the main rate of corporation tax from 28p to 24p by 2014. To address an issue raised by various Members about skills and training, it is also why we are seeking to boost apprenticeships funding by up to £250 million by the end of this spending review, which will create up to 75,000 more places a year. To return to how apprenticeships are progressed, we are seeking to ensure that we consider higher qualification levels and strengthen the element of learning alongside experienced hands. Although the classroom has a role, my instinct is that, especially in engineering, the crucial gain for apprentices is working alongside someone whose skills they are trying to learn. That practical change will be important.

Paul Uppal: I am heartened to hear that. One thing that I hear increasingly in feedback from businesses and constituents is that sometimes apprentices come along who need to develop soft skills such as communication and social skills. The academic boxes might all be ticked and everything on the CV might look fine and dandy, but they need that final level of nuance in developing business contacts and sealing the deal. Sometimes the softer, fuzzier peripheral skills need developing as well.

Mr Prisk: I agree entirely. It is not just about the core elements in the curriculum; it is also about how individuals learn what I call employability skills. *[Interruption.]*

[Mr Prisk]

Did I gather that the right hon. Member for Wolverhampton South East (Mr McFadden) wanted to intervene?

Mr McFadden: I am happy to wait.

Mr Prisk: Okay. I will canter on until the right hon. Gentleman wants to intervene further. Another important issue about skills that is relevant to the black country is the new generation of university technology colleges where students will be able to start training at age 14.

Mr McFadden *rose—*

Mr Prisk: Now the right hon. Gentleman would like to intervene.

Mr McFadden: I thank the Minister for giving way. I wanted to intervene before he moved on from apprenticeships, but I did not want to cut short his answer to the hon. Member for Wolverhampton South West (Paul Uppal).

When I was in the Minister's shoes and had some responsibility for these issues, we put more funds into what we called higher-level or technician-level apprenticeships, precisely in order to address the skills gaps that have been referred to. Will he acknowledge that a significant proportion of the funds that the Government are putting into apprenticeships is coming from the Train to Gain scheme? Therefore—this is a factual question; I do not want to enter into a debate about the whys and wherefores of Train to Gain—will he acknowledge that, given the cost of one apprenticeship, for which we trained three or four people under the Train to Gain scheme, if we fast-forward two years or so, the Government will actually be funding fewer learners at work than they are today?

Mr Prisk: The difficulty is that we are not comparing apples with apples. What is gained under Train to Gain is different from what is secured by apprenticeships. That is why we have sought to increase the number of apprenticeships over that period. I do not think that one can say that it is just about head count; it is also about quality, not least because engineering employers say to me that they need the right people with the right range of skills.

Mr McFadden: We could have a debate about the benefits, but my question concerns the number of people at work being helped by Government support. The Minister must know the answer. Will he acknowledge that in two years, there will be fewer learners at work funded by Government as a result of the decision to switch Government money from the Train to Gain budget, as he outlined?

Mr Prisk: The point that I am trying to make is that we are talking to businesses and asking them what they need. I am not the Minister with responsibility for skills, so before he tells me that I have said something incorrect, I will check with him and write back to hon. Members here. I am wary of making a statement that might prove incorrect. However, the right hon. Gentleman has made a sensible point. I will double-check before giving an incorrect answer.

University technology colleges are important because students will be able to start at age 14. One of the first UTCs will open at Bloxwich in the black country this September. It is an important element.

Ian Austin: I am excited by the idea of university technology colleges. I have written to the leader of Dudley council asking whether she is prepared to consider having one. I do not see why Walsall should have one and not Dudley. Perhaps when the Minister comes to Dudley he can meet the council leader and extol the policy's virtues to her.

I do not want to get into a debate about the rights and wrongs of abolishing the education maintenance allowance, but if student numbers in a place such as Dudley, where education skills must be our No. 1 priority, decline as a result of its abolition—although I know that the Minister hopes that they will not—will the Government think again and restore the funding that enables students to undertake studies? I am not trying to catch him out. It is a serious question.

Mr Prisk: I realise that. Our view is that by putting a strong emphasis on vocational education rather than on higher education alone, as has been the habit in recent years, we will help those numbers to grow. When the previous Government went from no tuition fees to £3,000, I suspect that we all thought that the number of participants would drop, but it rose. We must be careful when speculating, but I take the point.

A number of other issues were raised. I am aware that I have only four minutes left, so I will canter through them briefly. On the Moog deal, I say to the hon. Member for Wolverhampton North East (Emma Reynolds) and other Members that I was aware of it at the start and am pleased that regional, local and national officials were able to sort it out, because it was a concern early on. I agree with her on that point. On the broader issue of aerospace, we are strengthening our national focus on it, as we have tremendous national assets. However, we also recognise that local enterprise partnerships are best placed to lead. I know that several of them with a strong aerospace dimension are considering how they want to collaborate to work with us nationally. Getting the fusion right is important.

On the role of the local enterprise partnership, I was pleased that Wolverhampton became part of the black country LEP. Along with Dudley, Sandwell and Walsall and under the new chairmanship and board, it has drawn together strong civic and business leaders. The right hon. Gentleman was right to say that the board now looks outward, and it hopes to play on its Indian connections globally.

My hon. Friend mentioned business rates. We want to help, which is why we are simplifying how small business tax relief operates, so that it is automated and need not be bid for. We are considering greater discretion for local councils to ensure that they can use the business rate system in a way that helps locally.

Other questions were asked about assets. We have received a full register of assets from the regional development agencies. We are mindful of the balance

that we need to strike between local economic regeneration and public value for money, and we will set out shortly exactly how the process will operate. The hon. Lady and others made several pitches. That is understandable, but as there are 450 applications, I will remain mute on the subject, for the obvious reason that we want to ensure that the process is open and fair.

We are investing an additional £50 million in the Manufacturing Advisory Service over the next three years. We want the service to be consistent. It has always been highly regarded, but it is of course an outreach service. I say to the hon. Lady that no decisions have yet been taken about where the headquarters might be. My concern is to ensure that the small and medium-sized businesses get a good, consistent service and, importantly, an outreach service that comes to them.

I was asked how foreign direct investment will work. Our view is that UK Trade and Investment abroad should be the voice and face of the UK when we seek inward investment, but that there should be a strong national network within England that handles inquiries. That should and will include the west midlands and the area represented by the hon. Lady.

A number of other questions relating to planning were asked, and I am sorry that I did not come to them. However, the long-term—

Annette Brooke (in the Chair): Order. I must call the next debate.

National Defence Medal

12.30 pm

Mr Denis MacShane (Rotherham) (Lab): It is a pleasure to serve under your chairmanship, Mrs Brooke.

In essence, this debate is simple. The time has come to honour all the servicemen and women who serve our nation with a medal called the national defence medal. It would be given to the thousands upon thousands of former soldiers, sailors and air force personnel who have served their nation but have nothing to show for it. I am glad to say that some of them are present to listen to this debate. They place all their hope and confidence in the Minister that, by 1 o'clock, their wish will be granted.

The relationship of the British people to their armed forces has been transformed in recent years. Television and modern warfare have brought home the service and sacrifice that veterans have always understood, but that the public perhaps has not. Long gone are the days when Kipling could mock a nation that did not honour its soldiers when he wrote:

"For it's Tommy this, an' Tommy that, an' 'Chuck him out, the brute!'

But it's 'Saviour of 'is country' when the guns begin to shoot".

That scorn is over. In each year since 1945—save, I think, one—British armed forces personnel have been in action. Remembrance day in Rotherham and nationally is as crowded as ever, but we still have no recognition for that service. Of course, gallantry and leadership are recognised, and I urge a visit to the Imperial War museum across the river Thames to see Lord Ashcroft's Victoria Cross gallery.

There is no recognition, however, for the many soldiers who served, and saw comrades die or wounded, or who provided the long tail of logistics and support that is as vital to military endeavour and success as the teeth of those doing the shooting at the front. A national defence medal would put that right.

Dr Julian Lewis (New Forest East) (Con): In a spirit of non-partisanship, when the right hon. Gentleman's party was in government, they introduced the veterans badge, which is a form of recognition that can be worn all year round. Perhaps he ought to address that point.

Mr MacShane: My very next point was that a veterans badge—welcome as it is—is the most that can be aspired to. Only 10% of those eligible for the badge have taken it up. A medal that arrives at one's home and that can be shown to one's children, grandchildren and others is qualitatively different, and I believe that the House and the nation want something better.

To achieve that, we have to take on and defeat the enemy, by which I do not mean the actual foe out in the field, or even the traditional enemy of all our soldiers, the Treasury, but the most dangerous enemy that serving men and women can face—the gentlemen of the Ministry of Defence who always know best. I remember the wonderful song, "One staff officer jumped right over another staff officer's back", from "Oh! What a Lovely War", and I fear that our major generals are making Ministers jump over each other's backs as they find excuse after excuse not to award a national defence medal to those who have served our nation.

[Mr MacShane]

This is not about the present Administration. More than two years ago, nearly 200 MPs signed a Commons motion calling for the establishment of a national defence medal. It was initiated by our former colleague, the right hon. and gallant Colonel Michael Mates, and supported by all Members of the House. Frankly, I wish that members of my party had dealt with the issue when in power, rather than leaving it to my colleague, the Minister, who is an occasional skiing companion of mine in the parliamentary ski race and in whom I have every confidence. The motion, however, is opposed by a committee of anonymous major generals in Whitehall who do not want to award such a medal. They are of the view that the award of a medal in recognition purely of service would somehow devalue the medal system.

We already award medals for long service and good conduct in the regular and reserve forces. In addition, medals in recognition of service have been awarded at particular times during our monarch's reign, such as the coronation and the silver and golden jubilees. Medals are therefore awarded to people just for the coincidence of having been in uniform when the Queen was crowned or when she had served a certain number of years on the throne.

Caroline Dinenage (Gosport) (Con): Does the right hon. Gentleman accept that although his is an extremely noble endeavour, there have been conflicts and incidents for which incredibly brave members of our armed forces have not received a medal? I am thinking in particular about the campaign to get a medal for the Arctic convoy veterans of the second world war. Those guys put up with unbelievable hardship, but they did not qualify for a medal because it was thought that they would qualify for the Atlantic star. However, they needed to have served for six months for that, and no one could manage that in the extreme conditions of keeping the supply chains open to Russia. It belittles their contribution to the war effort to say that—

Annette Brooke (in the Chair): Order. I remind the hon. Lady that interventions should be brief in a short Adjournment debate.

Mr MacShane: I agree with the hon. Member for Gosport (Caroline Dinenage); I feel strongly about the issue. My uncle, Neil MacShane, died when his ship was sunk while on Arctic convoy duties. I have also campaigned for Bomber Command veterans to be given a medal, but that too has been refused. I could not agree more with the hon. Lady. We are talking about one or two people who are now probably in their late 80s, or even in their 90s, and I do not think it would do any harm at all. My family would certainly appreciate the award of an Arctic medal, even though it would be extremely posthumous.

Patrick Mercer (Newark) (Con): The Peninsular general service medal was awarded from 1832 onwards. It was retrospectively awarded not for peacetime service, but for operational service. Therefore, following the logic of the right hon. Gentleman's sensible arguments, I could reclaim retrospectively for my great-great-grandfather, who served in the Irish militia during the Napoleonic wars but who saw not a stroke of action. We cannot have the proposed medal if we do not honour our fathers and forefathers who actually saw campaign service but received no recognition at all. As I understand it, this is simply a medal for service, rather than campaign service.

Mr MacShane: The medal is indeed for service. The Arctic convoy and Bomber Command medals are a separate case, but if people who served in those campaigns who are still alive were given a medal that they could wear on Remembrance day and pass on to their grandchildren and so on, it would at least be some recognition.

There are medals for given conflicts and campaigns, and I welcome the decision to award the Afghanistan service medal to medical personnel who fly in for a short time. However, thousands of veterans who are still with us are denied the chance to wear a medal. In the Cyprus campaign, for example, 371 men were killed—more than in Afghanistan—over a short period in the mid-1950s, yet they needed to serve for 120 days to qualify for a medal, which is more than three months longer than the time required for the Afghanistan medal.

We should also give recognition to the more than 2 million young men between the ages of 18 and 21 who were taken away from their homes by the Act of Parliament that introduced national service. They were obliged to serve in the armed forces, and without them this country and its interests around the world at the time would not have been protected. Many are now dead, and the remainder are in their 70s and 80s. How would it devalue the medal system to award them a national defence medal?

The cold war involved a formidable threat from the Soviet and Warsaw pact forces. Many service personnel died not while fighting, but while on duty in north-west Europe, and many more were discharged through injury. One of the most critical moments was the Berlin airlift. The RAF worked tirelessly to keep West Berlin alive and to stop Stalin's effort to take control of the city. Thirty-nine of our service personnel died in that operation. Would giving them a medal devalue the medal system? Of course not.

One of the most scandalous examples of ill treatment of our service personnel occurred in the 1950s in relation to nuclear weapon testing in Australia. Some 28,000 members of UK armed forces were used as guinea pigs in the nuclear tests conducted in Australia and the Pacific ocean area. None of those veterans had protective clothing, and they were subjected to high levels of radiation. Fewer than 3,000 of those veterans are still alive today, and it is estimated that 30% of those deceased died early in their 50s from different cancers. Many people in our communities across the country would fail to see how recognition of the award of a national defence medal to those cold war veterans would devalue the medal system.

Let us consider Northern Ireland, where IRA extremists posed a specific threat to British service personnel and their families not just in the Province, but outside Northern Ireland and, indeed, the United Kingdom. During that time, there was no normal way of life for those service personnel and certainly no safe haven. For example, nine soldiers were blown up in their barracks in Duisburg in far away Germany, and 10 Royal Marine bandsmen were killed and 20 more injured when the

military school of music was blown up in Deal. A coach crowded with soldiers and their families was blown up on the M62 while they were returning to their barracks after a weekend away; there were 11 dead, including a corporal, his wife, and their two children aged 5 and 2. A staff sergeant was blown up in his car in Colchester; a colonel was shot in Bielefeld, Germany; and an RAF corporal and his four-month-old baby were shot and killed at a petrol station in Wildenrath. The list goes on.

Recognition of such service by creating a national defence medal cannot be deemed to devalue our medal system. I strongly urge the Minister to overrule his major generals and to recommend to Her Majesty that she award a UK national defence medal. On the recommendation of the Australian and New Zealand Governments, Her Majesty has already agreed to award a defence medal to their respective armed forces and veterans. If the Anzac forces and Governments can agree that with the approval of Buckingham palace, I really do not know why Britain has to trail behind.

I have been in correspondence with the Secretary of State for Defence on the matter and, in a reply sent to me last month, he got several facts wrong. For example, he wrote:

"The position remains that medals are not awarded solely as a record of service."

However, those of us who support the idea of a national defence medal have never made that argument. We believe that there should be a single medal for service. There is the precedent of medals for specific periods of service, including the long-service good conduct medal, which is awarded for 15 years regular service; the volunteer reserve service medal, awarded after 10 years in the Territorial Army; the jubilee medals, which mark service at a particular point in time; and the Rhodesia medal, which is awarded for just 14 days service between designated dates and is not a campaign medal.

In his letter to me, the Secretary of State made reference to the veterans badge and the Elizabeth cross. I welcome the veterans badge, but we want recognition from Her Majesty and the right to wear her medal because one has served her in the armed forces. Fewer than 10% of those eligible have taken up the offer of a veterans badge. Service personnel want a medal that they can wear with pride on Remembrance day and on other appropriate occasions. The Elizabeth cross is a marvellous new decoration, but it is not an award to servicemen and women, although, of course, it is a welcome gift to their families. For armed forces personnel past or present, there remains no award for those injured or killed during service, or those present when a terrorist or other attack takes place that is aimed at military personnel.

May I politely suggest that the Ministry of Defence is out of step with public opinion, with the 184 MPs who have signed the early-day motion and with what is happening in the Commonwealth? While our Whitehall warriors ponder and pontificate, the New Zealanders, with Her Majesty's approval, are getting ready to award their first medals in February this year.

As I said, I know from previous campaigns to get an award for Bomber Command veterans how hard the MOD combats those who want to reward our armed services personnel with a medal. My uncle was drowned when his ship was sunk on Arctic convoy duties. Those who survived have been denied a medal. Now they are in their 80s and 90s, can we not be generous and let them hand on to their grandchildren and great-grandchildren a medal that recalls the service of those sailors? I just do not understand why the Major General Blimps of the MOD are so mean and unwilling to honour service with a medal. We failed in our campaign to get a Bomber Command medal or an Arctic convoy medal, but I hope that this new Government can read the mood of the nation better, particularly as far more former serving officers are now MPs and Ministers. I urge the Minister to take command of the issue himself and tell the MOD to get on with bringing in a national defence medal.

12.45 pm

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): It is a pleasure to serve under you for the first time in Westminster Hall, Mrs Brooke. I am sure that there will be many more such occasions. I congratulate the right hon. Member for Rotherham (Mr MacShane) on securing this short debate on a proposal for a national defence medal. He speaks with some history on this long-running campaign, and I acknowledge that he has an interest in the recognition of former service personnel; indeed, I have with me the letter he sent to the Secretary of State in January. I am sorry to hear that today the right hon. Gentleman regards me as representing the enemy but, nevertheless, that appears to be my position.

First, I pay tribute to the courage and dedication of both current service personnel and those who have served in the past—those from the second world war who are still alive and those have served since then whether as part of national service or whatever. My right hon. Friend the Prime Minister uses words such as "awesome" to describe our armed forces, but no words can describe the outstanding, courageous work they are doing today and, indeed, have done in the past. There can be no doubt that they have earned the nation's recognition of their service to our country and the nation's gratitude.

As a former serviceman, I know the hardships of service life and the pride of earning a medal. I got two after 15 years; I had to rejoin the Army to get the second one, but I do not know of anyone who joined the services in order to gain a medal. Heroic personnel who perform gallant acts do not perform such actions in hope of a medal; they do so out of instinct and because they feel it is the right thing to do. I question the value of a medal that is essentially given to anyone who has served in the armed forces. Medals should be earned not expected, and I would certainly be surprised if they were demanded.

There is a belief that the rules governing the award of medals have been applied inconsistently, so the coalition Government pledged to address that in their agreement. We have honoured that pledge and have undertaken to review the rules governing the awarding of medals. The review is considering the numerous campaigns by veterans to reconsider past cases and the justification for a national defence medal is again being re-considered as part of that. The review will report to me and work is now under way. Senior military officers—Major General Blimps, the right hon. Gentleman might call them—are

[Mr Andrew Robathan]

contributing to the review and the chiefs of staff have been consulted. Campaign representations have also been considered.

The review aims to report its conclusions in the near future and will address the following four issues: the principles underpinning the award of medals, operational medals currently awarded to the armed forces, the award of foreign medals and proposals, such as this one, for medals for past service. At present, the position remains that medals are not awarded solely for service. The only exceptions are coronation and jubilee medals, and even then strict qualifying criteria have to be satisfied before a medal is issued. As I am sure the right hon. Gentleman will appreciate, that position cannot change until the review has concluded.

As the right hon. Gentleman knows, there are already many forms of recognition that acknowledge many aspects of service in the British armed forces. I shall set out clearly what they are. First, service personnel are already recognised for their extra effort, for courageous, distinguished and gallant acts, and for the risk and rigour they face on operations, by the award of state decorations, meritorious medals, campaign medals and commendations. The integrity of the operational honours system is a matter of the utmost importance to the Ministry of Defence and, indeed, to all service personnel to whom I speak. Medals are generally introduced for particular operations when there is the presence of particular risk and rigour. However, many service personnel have served and continue to serve on commitments that are demanding in their own way but are not recognised by a medal.

There is no evidence that today's personnel have any particular desire for a universal defence medal. New medals are instituted primarily for serving personnel, not for veterans. Medals awarded to members of the British armed forces have a relative scarcity about them, which is not shared by many other nations; for example, the former Soviet Union, North Korea and, indeed, some of our allies. Such an approach leaves people in no doubt that medals have been truly earned. That ethos has stood us in good stead in the past and we should be cautious about changing it.

Secondly, as the right hon. Gentleman will be aware, long service and good conduct are also recognised. Thirdly, official recognition from the Government for service in the armed forces is awarded in the form of Her Majesty's armed forces veterans badge, to which my hon. Friend the Member for New Forest East (Dr Lewis) has already alluded. Although the national defence medal supporters claim that the badge is insufficient recognition for having served, almost 1 million veterans have claimed a badge and one is now issued to all personnel as they leave the armed forces.

I have taken the time to look at the national defence medal veterans recognition report, submitted to the Ministry of Defence in June 2009 under the previous Administration. I was interested to see that the campaigners for the medal agree with, and quote, the words of Winston Churchill:

"The object of giving medals, stars and ribbons is to give pride and pleasure to those who have deserved them. At the same time a distinction is something which everybody does not possess. If all have it, it is of less value. There must, therefore, be heartburnings and disappointments on the borderline. A medal glitters, but it also casts a shadow. The task of drawing up regulations for such awards is one which does not admit of a perfect solution. It is not possible to satisfy everybody without running the risk of satisfying nobody. All that is possible is to give the greatest satisfaction to the greatest number and to hurt the feelings of the fewest."

That was written in 1944 when Winston Churchill was busy with the second world war, and it is extraordinarily prescient. Is it not true, therefore, that just to give a medal for service would challenge that comment?

Some argue that by serving in the armed forces and by performing the daily duties of service life, service personnel should automatically receive a medal irrespective of the duties they undertook. I am sure the right hon. Gentleman agrees that duties undertaken in areas of heightened risk and rigour are not comparable to those undertaken by service personnel based in Chelsea, for example, or in Germany or Colchester. Should they qualify for the same level of recognition? A similar argument could be applied to many other professions. Doctors, nurses, police and firefighters, to name but a few, perform selfless acts on a daily basis, but they are not automatically awarded a medal in recognition of their efforts.

There needs to be a compelling argument as to why service in the armed forces should be so completely different. Some argue that being on call to deploy on operations should entitle personnel to a medal, but joining the armed forces does not guarantee operational service, even though it is highly likely in today's climate. Many have stood ready to go to war, but thankfully were never called on to do so.

Some argue that those who undertook national service should receive special recognition, such as a national defence medal, on the grounds that conscription was mandatory and disrupted lives. Many feel that the sacrifices that were made have largely gone unrecognised by the nation. However, although there is no medal specifically for those who performed a period of national service, those conscripted for military service could qualify for the same medals as their regular colleagues, and many did. Furthermore, since national service was terminated in 1960, it has been the personal choice of an individual to join the armed forces. It would be divisive, and I have to say curious, to offer national servicemen a medal simply for being conscripted, when those who volunteered for service would be excluded from receiving the same award.

Some argue that we should adopt the principles of other countries such as Australia and New Zealand, but they withdrew from the imperial honours system many years ago. It is for them and their Governments to decide which medals they wish to institute.

The right hon. Gentleman and the national defence medal campaigners claim that there is a significant amount of support for the institution of such a medal. Although I am sure that many people are concerned about the matter—indeed, some of them are here today—in reality the representation made to my Department is very low. Of the estimated 4 million former service personnel who would qualify for the medal, less than 200 have contacted the Ministry of Defence either directly or through their Member of Parliament. Frankly, those communications are likely to be the result of the national defence medal campaign targeting former service personnel to lobby as many MPs as possible on their

behalf. It is notable that an e-mail was sent out yesterday. It said that "you might suggest"—

that the recipient—

"use the short letter below for your MP to send directly to the Defence Minister...If you haven't already could you please send me your postcode so I can ensure that every MP in the country has at least one active supporter in their constituency."

I am sure that there are many active supporters in every constituency, but that would make a grand total of 650 people campaigning on behalf of the proposal, and I do not think that would be a great many.

I shall briefly touch on the issue of cost. The right hon. Gentleman may be interested to know that it is estimated that approximately 4 million people could apply, either for themselves or on behalf of a deceased relation, for a national defence medal, should the review conclude that one should be instituted. The estimated cost of a national defence medal could extend to as much as £300 million, or even more, because one would have to research each case where somebody claimed to qualify for a medal. Otherwise one would just be giving out medals to anybody who claimed that they were in the forces. The right hon. Gentleman grimaces, but not far from my constituency in Burbage there was a man who used to go to Remembrance day ceremonies wearing a Special Air Service beret, a full array of medals and a blazer. People thought that he was very smart until they started looking at the medals; indeed, I understand that he is currently being prosecuted. The medals he wore included medals for the Korean war, the Falklands war and, I think, the Afghan war. It is quite difficult to fit in all those wars in one period of service.

I am sure that the right hon. Gentleman would agree that the medal would cost a huge amount of taxpayers money, especially in the current financial climate. To justify such expense would be hard, particularly when the grounds for doing so appear to be somewhat thin. I must state that we would be unlikely to decline a proposal for a new medal on the grounds of cost alone, but such an expense must be warranted.

Campaigners for the medal have suggested that it could be paid for by individuals. Medals are awarded free of charge to individuals who meet or exceed the published qualifying criteria laid down for each one, from a grateful nation, expressed by the Queen. If a charge was placed on such a medal it would devalue the status of the award, and the UK honours and awards system more generally. I understand that one can buy commercially produced medals to commemorate having served under national service. However, I think that is not what people wish to have.

I have listened to the right hon. Gentleman and I assure him that we firmly believe that it is important to review the rules governing the award of medals, and that we are considering carefully the case for a national defence medal. In conclusion, I must say that those who are serving at present, or who have served in the past 50, 60, 70 or 80 years, have done their duty. The Government and I pay the highest tribute to them, but I am not sure that most of them would want that tribute recognised by the receipt of a material object such as a medal simply for having been there. The right hon. Gentleman said that the time has come. Well, it is noteworthy that this campaign started relatively recently, when personnel are earning many campaign medals—many more than I did when I was serving—but little demand for this was heard in the 1960s, 1970s, 1980s or even in the 1990s. Today, the right hon. Gentleman has urged me not to disappoint. I fear that I will disappoint him, but we will await the results of the review.

Annette Brooke (in the Chair): I thank all the participants in the debate. As everyone we need for the next debate is here, we can commence it. I call Charlie Elphicke. You have two extra minutes.

Care for the Elderly (Kent)

12.58 pm

Charlie Elphicke (Dover) (Con): Thank you, Mrs Brooke. I am deeply obliged to you for giving me an extra two minutes for this debate. I am delighted and proud to have secured a debate on this important issue, which matters to all residents in Kent. I shall focus on my constituents and those of my hon. Friend the Member for Dartford (Gareth Johnson).

This matter is extremely dear to the hearts of my constituents. Securing a safe, loving home is of the utmost importance for any family member hoping to make the final years of their relation, normally their parents, nice and happy. It is not always easy, and once people find a good home, they want their family member to settle there for a long time, and not have the disruption of moving from one home to another.

That was the experience I had with my father, who was in residential care for some 10 years. For the last 10 years of his life, he suffered from Alzheimer's. He barely recognised me and could not communicate very effectively. I had to look after him and ensure that his needs were met. That experience coincided with the period between 1997 and 2002, when regulations were changed and care homes were closing all around Kent. I had to move him from home to home, trying to ensure that he had the love, care, support and, in particular, stability that older people need in residential care.

Hon. Members will recall that we lost some 2,000 care homes during that period. My father's experience, which was by no means unique, left me with a passion for ensuring that we look after older people who should have dignity in their final years, and the stability and care that they deserve.

Glyn Davies (Montgomeryshire) (Con): I thank my hon. Friend for allowing me to comment. I am clearly not from Kent, but I have a huge interest in the issue that he raises. Does he agree that providing a service for the elderly, particularly those who suffer from neurological illness, is one of the greatest challenges for the current Government over the next few years, and that over the past two decades the British Parliament simply has not met that challenge?

Charlie Elphicke: I strongly agree. The population is ageing, and we know that the need for care of the elderly will increase, not lessen, over time. With the triumph of longevity comes the downside that people may well require more care—respite and day care but also residential care—for longer, and that will have a cost. There will be an expense to society, but society can rise to the challenge by ensuring that services are of the standard that we would expect. My hon. Friend's comment is particularly relevant, given the announcement that Sampson Court, the much loved care home in my town of Deal, is to be closed by Kent county council.

Sampson Court provides a range of services—palliative care, day care and respite care—and specialises in dementia and separate elderly mentally infirm care. It is extremely important to the community and loved not only by residents but by their families, all of whom have been passionate in their support for keeping that important community facility open. Despite that, Sampson Court is no longer classed as meeting care standards—hon. Members will recall that the previous Government introduced the decent homes standard—and because it does not have en-suite bathrooms and the building is costly to maintain and in need of renovation, Kent county council says that it is too expensive to make those changes and that it cannot continue to run the home.

That decision was a challenge to the community, which started a consultation. The community has worked hard and, led by Councillor Julie Rook in Deal, has made a passionate case for not closing the home—a petition with 5,000 signatures was delivered to the council—and for finding an alternative way forward. A transfer of going concern has been raised as a possibility.

The parents of my constituent, Mr Hawker, receive care at Sampson Court. He wrote to me:

> "Sampson Court is in no way beyond the end of its life at 25 years old...it's well maintained, clean and hygienic, and en-suite facilities would be actually hazardous to those who cannot even use a toilet without assistance such as my father who has dementia and is incontinent."

Kent county council has cited European Union procurement rules as a reason for not doing a transfer of going concern. It says that it is extraordinarily costly to do such a transfer under those rules, and that, because of the complexity, the only realistic possibility is simply to close the home and sell the site, despite the potential interest of other care home operators who might like to take it on.

My constituent Gareth Fowler, whose mother has been at Sampson Court for four years, asked the council representative at a public meeting during the consultation process where the 15 EMI residents would go. The council had no answer other than "the local area". Mr Fowler rang every EMI care home in the local area, but none had any space. If a decision is taken to close a home, there must be an alternative. There is great concern among my constituents that there is no alternative place for them to go to.

My constituents point to the Kent county council consultation, which states:

> "People rightly expect more choice in their care".

There is no doubt that its decision has left less choice, not more. I would ask the Minister to review whether Kent county council has an effective alternative plan for elderly people. Mr Fowler's experience suggests that it does not. Sampson Court is a much-loved community resource that is fully workable. That begs the question, why can it not be retained, if not by Kent county council then by another body, to ensure that we have proper care for the elderly in Kent?

As well as criticising Kent county council, I want to be positive about it. I understand the challenge to its budget, the challenge in meeting the decent homes standard, and the challenge of the EU public procurement regime, which is expensive and, frankly, gold-plated—it ought to be minimised. Can anything be done about public procurement in this kind of case?

The other case I have been making to Kent county council is that it could transfer the home, not as a going concern in the market but to a community interest company. That is where my interest particularly lies. Allowing a community outside the regime of Government, the procurement rules and all the regulations to take it

on would enable the expertise of local care home operators to be captured so that a home could continue to operate on that site in the future. I am asking for Government support and guidance on how Sampson Court might be transferred to a CIC in partnership with local care home operators.

Hon. Members will no doubt know that a CIC could provide the benefit and excellence of a care home in a local community. It would have flexibility and access to a range of financing options, and would be a solution to the decision that Kent county council has made. It would mean that local people can come together and work to secure a community takeover that would bring the community together, provide better value for money and ensure more freedom to offer extended services. We could turn a community resource that is fast disappearing into one that is expanding.

We should not lose community resources such as Sampson Court, but this debate is not just about Sampson Court or care for the elderly in Kent. I bring the matter to the Minister's attention because I suspect that this is a wider issue across counties and the country as a whole, and that there are many similar cases involving aged buildings, the decent homes standard and EU public procurement rules. Many communities are in the same boat, so the national picture needs to be examined to ensure that there is effective transition—and enough care for the elderly across the whole of Kent.

Local GP, John Sharvill, wrote to me. He said that, without a doubt, Sampson Court

> "is an excellent institution providing fantastic care...there is no other home in this area which provides the level of care that they do in the spacious, airy, surroundings they provide".

Using the community right to challenge and the community right to buy under the Localism Bill, soon to become an Act, may provide a way forward. There is a right for voluntary and community groups, social enterprises, parish councils and local authority employees to challenge a local authority on delivery of a service by expressing an interest in running a service for which they are responsible. The local authority must consider and respond to such a challenge, which may trigger a procurement exercise for the service, in line with relevant procedure, in which the challenging organisation could bid, alongside others. Such rights are part of the Government's aim to create a big society. The Minister of State, Department for Communities and Local Government, my right hon. Friend the Member for Tunbridge Wells (Greg Clark), is sitting next to me. He has an interest in the Localism Bill, which is currently before the House.

When listed assets—either the freehold or a long leasehold—come up for disposal, communities will be given the chance to develop a bid and raise the capital to buy the asset when it comes on the open market. However, there are issues with that, which I would like to flag up. First, the local authority does not have to seek out possible community owners, and there is no compulsion for it to do so. That means that communities may struggle if they are up against the local authority, especially as there is no independent monitor to judge a community bid against a local authority's plans. Secondly, if a local authority wishes to proceed with a sell-off, there is no provision for a temporary stop, a break for consideration, or a certain designated time that would allow community groups time to put together and advance a bid.

John Porter of the "Bowles Lodge Stays!" campaign, run elsewhere in Kent, also flagged up those kind of problems. He pointed out the difficulties he had over the care of his mother, Vera Woylor, who is an 89-year-old resident of the care home and does not want to move. On her behalf, he has made a strong case to Kent county council, which does not think that the right process has been followed. The ideal would be to enable continuity of care. Such issues need to be addressed, and community interest companies should be encouraged.

Ministers may consider the matter to be simply a local issue, but given the terms of the Localism Bill it is a wider national issue of how we can encourage takeovers by community interest companies and what we can do to simplify EU public procurement regulations to ensure that homes, such as Sampson Court and others across Kent, give continuity of care and love under new ownership if they cannot remain under that of Kent county council.

1.11 pm

Gareth Johnson (Dartford) (Con): I congratulate my hon. Friend the Member for Dover (Charlie Elphicke) on securing this debate on an issue that is clearly important not only for Dover and Dartford but for the whole of Kent.

I hope that I will be forgiven for speaking about the Manorbrooke and The Limes care homes, which are the two affected in my constituency, because the principles that affect them are similar to those that affect homes around the entire county. I have visited both care homes and have met the staff and residents. They are two types of care home and offer two distinct services to the residents of Dartford.

First, The Limes is a care and day centre that offers an almost unique service in Kent. Many of my constituents have benefited over a considerable number of years from the service it provides because it allows patients who would otherwise need to remain in hospital to be discharged into its care, thereby relieving pressure on the local hospital in Dartford, Darent Valley hospital. It had to deal recently with extra pressure after the A&E department at nearby Queen Mary's hospital closed its doors, and I fear that the closure of The Limes can only add to the pressure on it. Patients who might otherwise have been discharged to The Limes will either have to remain at Darent Valley hospital or find alternative care home provision. Clearly, that provision will be harder to find if care homes are closed around the county.

The "Save The Limes" campaign group has been passionate in standing up for the care home, and none more so than Laura Whitehead and Karen Baldwin, who I am pleased are engaged enough with the campaign to make the trip to Westminster for the debate my hon. Friend secured. They have made it clear that it would be a huge mistake to close The Limes. It has been claimed that it is very expensive to run, and the line that Kent county council has used time and time again is that it costs an inordinate amount of money, but in my experience the staff have not been given the opportunity to reduce the costs of care provision at the home. They certainly have not shown any reluctance or unwillingness to

[Gareth Johnson]

modernise or introduce efficiency savings. They simply have not had the chance to show that they can make savings.

The situation for Manorbrooke is similar. It is a residential care home earmarked for closure by Kent county council. The plan is for it to be demolished and a more modern facility built on the same site in the manner described by my hon. Friend. It would mean the residents having to leave their home at Manorbrooke, move elsewhere and then move back to Manorbrooke a couple of years later once the building work is complete. That would mean three different homes in two years. Surely, our elderly deserve better. Yes, the homes will be larger, with gymnasiums and even internet cafés, but we are talking about people's homes, and that goes to the heart of the debate. No one in this Chamber or Palace would want their home taken from them, and yet that is precisely what is happening in care homes across Kent. The residents in Manorbrooke and The Limes are happy where they are—they are very happy—and they want to stay there.

Yvette Knight, who is in Strangers Gallery, has worked extremely hard to keep the care home open, and has approached the issue with a dignified and commendable attitude; as has the local county councillor, Penny Cole, who has worked tirelessly on this issue. Those who support The Limes and Manorbrooke are enormously frustrated by the whole closure programme. Surely, land could be purchased to build a new care home before the closure of the existing home takes place. One home in Kent could have been closed for that to happen, and the money used to purchase land as part of a rolling programme. That would have prevented anyone from losing their home and having to go elsewhere while other homes were built. I hope that even at this late stage, the homes can be saved and an alternative solution found by the county council, if necessary with support from central Government. I understand what the county council is trying to achieve, but I feel that the planned process of closure is wrong—very wrong. A rethink is needed.

1.17 pm

The Minister of State, Department of Health (Paul Burstow): It is a pleasure to serve under your chairmanship, Mrs Brooke. I congratulate the hon. Member for Dover (Charlie Elphicke) on securing the debate. He, like the hon. Member for Dartford (Gareth Johnson), has used it to ensure that those responsible for making the decisions are properly held to account and the issues are fully aired and in the public domain. The summing up given by the hon. Member for Dartford underlines the important contribution that a debate in Parliament can make to illuminating an issue and ensuring that local decision makers account to their public for their decisions.

The hon. Member for Dover raised an issue that is causing a great deal of concern to his constituents, the hon. Member for Dartford and many other Kent residents. He talked specifically about Sampson Court and identified the commitment that he and his constituents feel towards that facility. It is a much loved, long-standing part of the community. Both hon. Gentlemen talked about the passion displayed by those campaigning on these issues.

The county council has already taken decisions on this and other home closures of the sort about which the hon. Member for Dartford spoke. Parliament has given the responsibility for taking final decisions on care home closures to councils not to Ministers. I know from my constituency work just how upsetting care home closures can be. Clearly, in the event of any care home closure—I will not prejudge where a subsequent challenge to the decisions in Kent would get to—our first thoughts have to be about the welfare of those who live in the homes and use the services, as has been clearly described by the hon. Member for Dover who talked about his father and about the representations received from constituents. I realise that for residents and families associated with the care homes, this is an unsettling time. Moving home when a person is elderly or frail can be hugely distressing and potentially damaging to their health. If badly handled, it can actually foreshorten life—I make no bones about that.

I have asked Kent county council for reassurance about its plans to reduce the disruption and harm to residents who will be transferred as a result of the decisions that it has made. As I understand, the council is currently assessing the needs and preferences of all residents and services, and it is doing everything in its power to accommodate people's wishes. For example, it is ensuring that people are not moved to a place that is different from the place their friends from the home are moved to. If people want to stay together, they will have the opportunity to do so.

The council also told me that the families or advocates of those affected are being kept informed during the process. That is crucial, although some of what I have heard during the debate suggests that there are different opinions about that statement, and from some of the body language, I see that others share that feeling. The council hopes to support residents to move at a pace with which they are comfortable, and evidence from past closures demonstrates that that is crucial for minimising the effects of such a move. The sense that there is an arbitrary timetable can have a significant impact on the health and well-being of an individual.

I am told that all residents and service users will be found places in centres and homes of an equivalent or higher standard. I do note, however, the representation made by the hon. Member for Dover about the experiences of his constituents and the lack of assurance that they have received so far in their efforts to discover an appropriate home for their loved ones. The council has said that, within reason, service users will not lose out financially, and that an independent arbiter will deal with any disputes over costs associated with the move.

The hon. Gentleman was right to say that we must put this into a national context, and across the country all councils are having to grasp the nettle and take painful decisions to reshape social care around the changing needs of their population. We need a broad strategic shift towards preventing and postponing dependency, and promoting greater independence. That includes ensuring that the services available are the right services for a particular point in a person's journey with a degenerative neurological condition, such as dementia, for example, which he mentioned. Earlier diagnosis is key to sensible planning and it is important to ensure that we deliver the right care at each stage of the journey taken by an individual and their family carers.

That means that over time, councils need to spend less on care services where there is overcapacity, and free-up resources to invest in more personalised support.

This Government have no ideological opposition to residential care, although there is a sense that that was the case in the past under previous Administrations. There will always be a need for good-quality residential and nursing care in our communities, and anyone who has had a long-term engagement with the sector—as I have, and I am sure other hon. Members have—will know how much it has changed over the past 20 years. The level of need and dependency of residents has risen significantly, and the length of stay has shortened.

Currently there are approximately 50,000 vacancies in care and nursing homes across the country. According to the recent "Care of Elderly People UK Market Survey" by the independent health care analysts, Laing and Buisson, the level of spare capacity in the care home sector is currently 10% nationally. That carries a significant opportunity cost and locks a public resource that could be released and spent more effectively on early intervention and more personalised forms of care.

We should be clear, that these closures are not—or should not be—a question of budget pressures forcing the council's hands. The money for social care is there. The Government made a clear choice on decisions about funding critical services, and despite inheriting the largest peacetime deficit in our history and the largest structural deficit in Europe, and despite paying £120 million a day in interest repayments on the national debt, we have chosen to protect the care and dignity of older people. In the spending review, we made it clear that an extra £2 billion a year for adult social care would be available by the end of the spending review period. Furthermore, £1 billion of that would be added to the local government formula grant, which comes on top of the existing £1.3 billion social care grant. That means that total grant funding from the Department for social care will reach £2.4 billion by 2014-15. For those keeping up with the numbers, the other £1 billion will be transferred from the NHS and spent on social care measures that also support health.

That settlement is frontloaded, so that extra resources are put into the system at the beginning of the spending period. It means that considerable amounts of extra investment are available now. Kent county council has already received £1.4 million in November to improve re-ablement services, and £4.1 million in January as part of a national investment of £162 million to cope with winter pressures facing social care services. From April, it will get an additional injection of £16.2 million, which is its share of the £648 million that we are allocating via primary care trusts to support social care. That is on top of the extra funding for social care that we are putting into the local government finance settlement—a share of the £530 million extra available nationally next year, rising to the £1 billion I have just mentioned.

My understanding from briefings I have received is that Kent county council's approach is not a sudden, hasty, knee-jerk response to tighter financial circumstances. The proposals are part of a long-term plan in Kent to improve care and meet the changing needs of the local population. The council published its "Later Life" plan in 2009, and it has been working over the last two years to restructure and transform services to put more emphasis on prevention and practical support.

Services need to be tailored to people's circumstances and population need, and I emphasise that residential care is part of that mix and must be carefully thought through when services are designed. We need services that deliver value for money in a climate where we expect higher demand as the population ages, and we want good quality services—whether provided in the public or independent sector—that are well equipped to give people the choice, comfort, compassion and independence they deserve.

The council argues that the facilities at Sampson Court no longer meet the standards we should expect. The hon. Gentleman has rehearsed that argument and stated his concerns. The council also argues that the building would require extensive refurbishment to bring it up to scratch, and that the money could be better used in other ways. The council's view—painful though it clearly is—is that closure is the right way forward. I understand that many people will disagree with that, and believe that alternatives have not been adequately considered—the hon. Gentleman referred to the petition collected by Councillor Julie Rook. The Government are keen to give communities the opportunity to run community facilities. That is what the Localism Bill currently making its way through the House attempts to put in place. That Bill also seeks to reduce the barriers that enable a variety of organisations, including community groups, to provide services.

The council's view is that it has been through an extensive consultation process and considered the alternative options. The 11 care home changes have been debated in the council's chambers, and the proposals have been the subject of the council's overview and scrutiny committee. I know that there are great concerns among those who have led the campaign against the closures, and I am told that lawyers have been instructed to look at pursuing the matter through a judicial review. In that way, the process that the council has gone through can be tested, and if it is flawed, the decisions will be reopened and further options considered. However, that is not a matter for me as a Minister; it is about deciding whether the process has been properly followed, and a matter for judicial review. Parliament has not given Ministers that power, and the Government have made it clear that in the past, far too much rested on the desks of Ministers in Whitehall and other officials.

During conversations with Kent council over the past few days, the director of adult social services said that the council would be pleased to continue discussions with the hon. Gentleman and his colleagues, to see whether further points of concern can be addressed. In conclusion, I hope that we have covered some of the issues raised, but in the end, this matter must be resolved locally.

Housing Benefit (Scotland)

1.30 pm

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): I am sure that hon. Members on both sides of the Chamber would agree that the provision of decent homes is the mark of a civilised society. Parliament has a role in ensuring that that consensus is reflected in policy. That is why I asked for the debate. I am concerned about the consequences of the Government's choices on housing benefit and on local housing allowances for my constituents and for the whole of Scotland.

According to the Department's impact assessment, 55,000 households in Scotland will be worse off this year as a result of the Government's choices on housing benefit. I have been speaking to community groups, local government, housing associations and charities in my constituency. They are deeply concerned about the impact of the Government's choices on some of the most vulnerable members of our community. As a result of just some of the changes, £2.2 million will be taken out of the pockets of people claiming housing benefits in north Lanarkshire alone every year, and 75% of social tenants claiming housing benefit will lose out in north Lanarkshire.

Some Ministers have expressed concerns about the impact of the cuts. The Under-Secretary of State for Business, Innovation and Skills, the hon. Member for Kingston and Surbiton (Mr Davey), has said that they mean that

> "some people who are on the breadline will be put below the breadline."

Therefore, I know that this Minister will treat these genuine concerns with the respect that they deserve.

I hope that the Minister will also accept that choices that the Government have made interact in a way that will make life harder for some people. I want to draw his attention to the problems posed by the interactions between some of the changes. For instance, consider a family in which working-age social tenants claiming housing benefit are living with grown-up children. There are many such families in all our constituencies. The Government have announced their intention substantially to increase non-dependant reductions in housing benefit for both social and private tenants.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): My hon. Friend is speaking remarkably well in an excellently chosen debate. Is he aware that, in addition to the vulnerable people whom he has mentioned, many of the organisations of and for people with disabilities are particularly worried about the impact on them? Many of them might be affected out of proportion to their numbers, and they really are the least able to bear it.

Gregg McClymont: My right hon. Friend raises a very good point. He is well known in the House for his expertise in that area. He is right to raise the issue of the impact on disabled individuals and families in particular.

One issue that I want to press with the Minister is the Government's intention to extend the reduced shared-room rate of housing benefit to all single people under the age of 35. That will make it harder for young people on low incomes to move out of their family home, as the rate is frequently too low to cover the costs of accommodation. Outside major cities, there are very few licences for houses in multiple occupation in Scotland. Even in the major cities, those HMOs are likely to be fully occupied already. Also, some young people, particularly those with mental or physical health problems, would find it very difficult to live in shared accommodation, in many cases with strangers.

Even if young people do move out of the family home, another problem looms. If their parents are, like many people in my constituency, working-age social tenants, they will fall foul of the limit on payments for working-age tenants who are deemed to be "under-occupying".

Ian Murray (Edinburgh South) (Lab): I congratulate my hon. Friend on securing this very important debate. One key issue in my constituency is that there is a major drive—quite rightly, in many instances—to restrict the number of HMO licences due to the concentration in small areas. Would my hon. Friend like to comment on what impact that might have on this policy?

Gregg McClymont: My hon. Friend raises a very good point. There clearly is, broadly speaking, a real pressure on HMOs. That is one area in which policies, as I am sure the Minister will agree, can have interactions and unintended consequences that lead to deleterious outcomes for vulnerable individuals.

I was saying that there are parents who are working-age social tenants who will fall foul of the limit on payments for working-age tenants who are deemed to be under-occupying. However, we know that no social landlord deliberately puts people into properties that are too large for them. The Government believe that a negative financial incentive will lead social landlords to manage their properties more efficiently. My concern is that that outcome is not guaranteed. It seems likely that that choice could harm existing tenants whose circumstances have changed: the bereaved, the divorced or those whose children have left home.

A similar negative financial incentive is being introduced for the long-term unemployed to move home to seek work. The Government will penalise the unemployed by cutting their housing benefit entitlement by 10% once they have been unemployed for a year. That cut will apply even to those who are actively seeking work. It could affect almost 300 jobseeker's allowance claimants in my constituency alone, and I am sure that it will affect many more in some of my hon. Friends' constituencies.

The problem—again, I am sure that the Minister will agree—is that it is not easy at the moment to find work anywhere in the country, and Scotland has a particular problem. It is a harsh reality that at the end of last year there were four people chasing every job vacancy in Scotland, and there are few signs, so far at least, of that ratio improving.

My local YMCA, which I have spoken with recently, deals every week with cases of young people who are out of work and out of a home. Those are the most vulnerable young people.

Margaret Curran (Glasgow East) (Lab): On the issue of young people leaving home and perhaps not having a home, I appreciate that my hon. Friend is not from the same city as I am, but is he aware of a report by

Glasgow city council, which has assessed the impact of the housing benefit reforms and calculated that there could be a loss of £8.5 million to homelessness services? That would have an impact not only on homeless people themselves, but on the regeneration of the city of Glasgow, which we have done much work to improve. Does my hon. Friend agree that whatever the Government do to tackle housing benefit, that should not exacerbate the problem of homelessness, which we have made great strides to deal with?

Gregg McClymont: I thank my hon. Friend for her intervention. She raises a very good point about Glasgow in particular, although I should say that I do consider myself a Glaswegian. Cumbernauld is not very far away. However, although I may consider myself a Glaswegian, Glaswegians may have a different view.

Every week, my local YMCA deals with young people who are out of a home and out of a job. Those are the most vulnerable young people. Many are unable even to provide the right documentation to make an initial claim for housing benefit within the narrow window open to them. Those are often young people with psychological and dependency problems, coming from difficult family backgrounds. Things that we find easy are sometimes difficult for people in a vulnerable situation.

The YMCA and other local charities tell me that the cut to housing benefits for JSA claimants will leave the young unemployed at greater risk of falling into rent arrears if they do find a place to live. I know that Ministers say that they want to encourage the unemployed to move to different areas to find work, but the Government underestimate perhaps the social, cultural and psychological challenges that are sometimes involved in that process.

Dame Anne Begg (Aberdeen South) (Lab): Has my hon. Friend considered that the issue is not just that young people find it difficult to move? Very often, the areas where jobs are available are the areas where there is the biggest pressure on housing, so even if young people move and find a job, they might not be able to find somewhere to live.

Gregg McClymont: My hon. Friend makes a good point. I was just going to suggest that Ministers will also be aware that there is a relationship between the number of jobs available and the cost of accommodation in an area. That is an extra problem facing those dealing with this aspect of policy.

Cuts to local housing allowances will make the private rented sector less affordable in more prosperous areas where work might be found. As I observed, the extension of the shared-room rate will make it harder for young people to find affordable accommodation once they leave home. Existing claimants in Glasgow will lose £7 a week on average as a result of that single change. That £7 could render a tenancy unaffordable for somebody moving in search of work. Research conducted by the Joseph Rowntree Foundation shows that there is already a shortage of private rented accommodation that meets the shared-room rate criteria.

Meanwhile, restricting payments to the 30th percentile of market rents, rather than the median, as was previously the case, will put many properties in major cities further out of reach. In north Lanarkshire, that single change will reduce the support available for a single room by £5 a week and that available for a one-bedroom flat by £7 a week. Switching uprating to the consumer prices index will, over time, compound the problem.

Anas Sarwar (Glasgow Central) (Lab): I congratulate my hon. Friend on securing the debate. Many people, especially in charity organisations and in the city of Glasgow, are deeply concerned about changing the uprating to CPI. Between 1997 and 2007, CPI increased by 20%, but rents increased by 70%. If we carry on in that way, housing benefit will cover only 10% of available properties by 2020. That will have a massive and devastating impact on Glasgow and other cities across the country.

Gregg McClymont: I thank my hon. Friend for that important intervention. It is worth adding that CPI does not include housing costs as it stands.

The Government argue that reducing LHA will lead landlords to put rents down, but market pressure on rents in Scotland is moving them sharply upwards—it is supply and demand—and that is particularly true in the private rented sector. House building is falling. First-time buyers who are unable to secure mortgages are moving into the private rented sector. That is increasing the pressure on rents, and it would be an unusual landlord indeed who reduced his rents out of kindness.

Thanks to the Scottish National party Government slashing the budget for social housing in Scotland, waiting lists are rapidly increasing. In that context, social housing does not offer a credible alternative to the private rented sector. The vacancy rate for social homes in my constituency is less than 1%.

I am concerned that people in Scotland could face a triple whammy over the next few years. Conditions in the housing market are pushing rents upwards. At the same time, cuts to benefits are putting affordable homes out of reach. Meanwhile, the Scottish Government's cuts to social housing mean that the sector cannot provide a viable alternative.

I therefore ask the Minister for a number of assurances. What is he doing to ensure that the housing benefits system encourages and supports people into work? What is he doing to ensure that the most vulnerable, particularly people with mental and physical health problems, including disabilities, are given the financial support that they need to remain in suitable accommodation? How will his Department support housing associations through the proposed changes and the ultimate switch to universal credit? What is his response to calls from Crisis and other organisations for tenants to be given the right to choose to have housing benefit and local housing allowances paid directly to their landlord? What is he doing to encourage his colleague the Secretary of State for Scotland to meet the head of the Convention of Scottish Local Authorities? I am sure that the Minister will address those concerns, having watched him as he has seriously addressed other concerns raised by Opposition Members.

1.44 pm

The Minister of State, Department for Work and Pensions (Steve Webb): It is a pleasure to serve under your chairmanship for what I think is the first time, Mrs Brooke. I congratulate the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg

[Steve Webb]

McClymont) on securing the debate; I was trained before we started in how to pronounce his constituency's name by the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke).

This is an important subject, and I know that the hon. Gentleman takes a close interest in it, not least because I seem constantly to be answering his written parliamentary questions on it. He has pursued the issue in an entirely thoughtful and measured manner, which is always helpful in such debates.

The hon. Gentleman raised a broad set of issues relating to the impact of the changes on his constituency and on Scotland. He also raised some more general points. He brought together changes that will come in during April, some that will be phased in with a nine-month lag for existing recipients, some for which the primary legislation has not yet been passed and some that will happen in 2013. He therefore raises quite a raft of things, and properly so, but it is worth saying that these things will not suddenly happen in April. There is, therefore, time for tenants, landlords and local authorities—but particularly tenants and landlords—to change their choices and behaviour. That is part of the point of the reforms.

The figures that the hon. Gentleman quoted at the start—the £2.2 million going out of his constituency as a result of housing benefit reductions—assume that nothing changes, but part of the point of the exercise is that things will be different in the new regime. As I am sure he knows, the context for these things is the sky-rocketing bill we face, although it is not necessarily his role to say where the £1 billion that will be added to that bill each year will come from. However, without the measures that we are taking, a large amount of extra money will go into the system without necessarily benefiting tenants.

Let me cite a slightly surprising source of evidence for that view. On 10 September, COSLA submitted to the Department its response to the consultation on the first version of the housing benefit amendments. I would not for a second suggest that it was supportive—quite the contrary; it is not—but its analysis was rather interesting. COSLA said:

"We had previously flagged up concerns, during the formal consultation prior to the roll-out of Local Housing Allowance nationally from April 2008, that this new scheme was"—

here we go—

"likely to result in a huge increase in expenditure on Housing Benefit for private sector tenants for little return",

and that is what has happened. LHA has essentially driven up rents; it has not meant more poor people in nice houses. The response goes on:

"We raised concerns that very many landlords would increase their rents up to the LHA level and that allowing claimants to keep any excess above their contractual rent was unlikely to benefit them... because of that upward drift of rents."

Several hon. Members *rose—*

Steve Webb: Let me say for the benefit of hon. Members that although I should very much welcome their contributions, this debate was initiated by the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East, and I will give way to him at any point. It is only fair to him to respond to his points.

The Scottish perspective from COSLA is that the convention expected LHA to drive up rents, and that is what seems to have happened. The question now is what will happen when we try to stop that escalation, which is where the CPI point comes in. In that respect, I should say that the CPI excludes only owner-occupiers' housing costs, not all housing costs. That, however, is where we are trying to put a cap on the process. As far as I am aware, the national cap does not affect Scotland at all.

The question is what landlords will do in response. The hon. Gentleman's hypothesis was that there is plenty of demand out there, so they will do nothing. However, a landlord with a potential tenant who is on LHA has a choice between not going with that tenant or telling the local authority, "What would clinch it for me would be direct payment." We have said that we will extend the scope of direct payment, which the hon. Gentleman asked about at the end of his speech, so that a local authority will be able to agree with a landlord and a tenant to make payments direct to the landlord in return for securing a tenancy that would not otherwise have happened and for getting rents down.

Plenty of landlords rent to people on housing benefit; it is not that landlords will not do so, although I accept that some will not. A large number of landlords will rent to people on housing benefit, who are the people we are talking about. It is not that these things do not happen. A landlord looking at a potential housing benefit or LHA tenant, or thinking about renewing a tenancy, can have uncertainty about whether the tenant will pay or they can have direct payments. Direct payments are like a triple A bond; they are like guaranteed money. That is worth something to the landlord. For an investor, certainty is worth something. If a landlord just shaves a bit off the rent in return for the direct payment, which is the deal we shall try to strike, the shortfalls that the hon. Gentleman mentioned, which look a bit scary when they are multiplied, will be reduced.

The debate is about the impact on Scotland, and the hon. Gentleman will know that the average shortfall in the United Kingdom is £12, while the average figure for Scotland, if I remember correctly, is £10. It does not take much, therefore: let us take the example of a rent of £200. A landlord who reduces that by 2.5%, which is £5, or by 5%, which is £10, has suddenly wiped out the shortfall. Clearly we must ensure that that happens. We cannot just sit back and hope that landlords will cut their rent. I fully accept that. That is why we have made the change. That is important.

The regulations have been improved by the consultation and by the changes that we have made, specifically with respect to transition. We said that from April new tenancies will go straight on to the new rules, because the whole philosophy of the reforms is that the choices made by people on housing benefit—who, I fully accept, may be in work—should mirror the choice that someone would make if they had no subsidy but were just doing a low-paid job. That is the parallel. We are not trying to take a penal approach or to be harsh towards people who happen to be on LHA; we are simply trying to level the playing field. The idea is that they will make the choices in a constrained way, just as people in a low-paid job would have to do. That would, again, mean that they focused on a reduced section of the market; but properties would still be affordable. To take the broad

rental market area that serves the hon. Gentleman's constituency, which I assume is the North Lanarkshire BRMA, we estimate that after the reforms 37% of properties will be affordable. Clearly we are telling people on a relatively low income or benefit, "You have a more constrained choice than you did"; but 37% is still, by definition, more than a third of the market.

The hon. Gentleman asked questions on some more detailed points, including the single room rent. We will publish an impact assessment on that change. He also raised the important issue of people with mental health problems and what would happen if, through a reduction in subsidy, someone were to be coerced inappropriately into shared accommodation. There are already exemptions for vulnerable groups. For example, certain disabled people are not affected by the single room rent regulations; but, clearly, we will always consider the issue of vulnerable people and the impact of changes on them.

Mr Tom Clarke: Will the Minister give way?

Steve Webb: Because this is the debate of the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East it is only fair if I respond to him and the questions he has raised.

Mr Clarke: It is not the Minister's debate either.

Annette Brooke (in the Chair): Order.

Steve Webb: I think, technically, that right hon. and hon. Members who intervene are meant to tell me formally that they want to do so; I do not mind at all, but they have made their comments and I think it is fair that I respond to the hon. Gentleman.

There are several Scottish angles to the debate and I want to deal with some of them rather than make more general points. There is an issue about whether people who are covered by LHA are being driven into pockets—very localised areas. One aspect of the Scottish situation is that the 30th percentile tends to be closer to the 50th percentile than perhaps it is in other parts of Great Britain. The cash difference tends to be smaller, as I said earlier, so the impact is not as great as it might be in other areas where the rent distribution is more dispersed. I fully accept the point that the impact of the measures will be different in different places, but the 30th percentile has a smaller impact in Scotland because of the compressed rent distribution.

The hon. Gentleman quite properly raised the issue of unemployment. I would not for a moment suggest that it is ever easy or straightforward to find a job; but, again, headline unemployment is slightly lower in Scotland than for Great Britain as a whole. The majority of Scottish local authorities have lower unemployment rates than the Great Britain average. That is not to belittle the matter, but it is not a purely Scottish dimension. The issue is clearly one to be dealt with nationally.

As to the hon. Gentleman's constituency and the support that we are giving, an important feature of the new scheme is discretionary housing payments. We recognise that we cannot anticipate every hard case, so we give local authorities discretion. We give them funds so that if there is someone who just does not fit the rules terribly well or who is acutely affected by the changes—the hon. Gentleman gave examples of situations that might be difficult—local authorities have discretionary funding. In 2011-12, Scotland as a whole will be getting an increase of 15% over 2010-11. That is an increase of £360,000 in discretionary housing payments. The hon. Gentleman's local authority will be getting a 34% increase; more than double the Scottish average increase will be going to North Lanarkshire to provide additional assistance. The figure will go from £77,000 in support this year to £103,000. It is worth saying that the 2011 DHP increase is much smaller than the increases will be in succeeding years; the Great Britain-wide figure will go from £20 million this year to £30 million, and then £60 million a year. Most of the increase in DHP will be in later years, but we have already added 34% to it in the coming year for the broad rental market area of the hon. Gentleman's constituency. Although, inevitably, that money will have to do a lot of work, it is specifically designed for the sort of hard cases he spoke about.

Gregg McClymont: I have been listening closely to the Minister, because I wanted him to develop his argument before I intervened. Is he comfortable with a policy which, as he perfectly fairly described it, tries to put people who get housing benefit and may be working, on a level playing field with people who are, as he described it, low paid, but who do not get housing benefit, in the context of an economy in which there is not much evidence that people can move into better paid jobs? The structure of the economy in a place such as North Lanarkshire does not include many professional—middle-class, if you like—positions for people to move up to, if the Minister's broader argument is about social mobility. From our point of view there is a danger that instead of focusing on trying to increase opportunities for a broad range of people from near the bottom to the middle of the income distribution, the focus is on people who are already struggling. I think the Minister would agree that we must do something about what happens further up the scale, to open up opportunities for the people who are affected.

Steve Webb: I entirely agree with that point. We want to encourage people not simply to move into any job at the bottom of the scale; we also want to encourage career progression and additional hours and training—the things that make people employable and enable them to earn more. That is the philosophy behind the universal credit. One of the problems is that there is an issue about the incentive to take any job; once a person has a job the current system can withdraw 95% in the pound, in extreme cases. That cannot be right and it traps people. Even if jobs are available and there are opportunities to do more work or gain more skills, there is no point, because the money is simply clawed away. With a lower taper rate for most people the universal credit will give people more opportunity to do just the sort of things that the hon. Gentleman describes.

Gregg McClymont: We know that the hon. Gentleman is a thoughtful Minister. A larger question looms over the issue, and that is whether, in the economy as it stands—not just in this recession but structurally over the past 30 years—there are opportunities for people to move up the ladder in large enough numbers. Does the Minister agree that such macro-structural political economy

[Gregg McClymont]

issues are related? Unless we have that possibility, what is happening may be seen as an attack on people who are already not exactly living luxurious lives.

Steve Webb: I certainly agree that we are not talking about people leading luxurious lives. There are, as the hon. Gentleman says, bigger structural issues affecting the economy. In the past few years under a series of Governments the economy has created millions of new jobs, but some of them are part-time, and they vary in nature. One of the things that the Government are trying to do, whether through apprenticeships or a range of other initiatives, is to upskill the work force. In a global economy we shall not be able to compete with very low wages in the far east, for example.

In the final couple of moments available to me I stress that we are keen to engage with the Scottish perspective, as the hon. Gentleman suggested. COSLA is represented on the Department for Work and Pensions local authority associations steering group, which meets each month, and along with the local authority associations it was formally consulted on the draft regulations for 2011 that I mentioned earlier. Officials from the Scottish Government have attended events and meetings to discuss the impact of LHA reforms, and Members of the Scottish Government have been invited to attend a conference that we are holding in Glasgow on 3 March 2011. We have invited all Scottish benefit managers from local authorities to attend, and we are inviting officials from the Scottish Government to be involved in the LHA reform national implementation group and the evaluation of the reforms.

Gregg McClymont: Would the Minister consider publishing evidence that LHA is pushing up rents in Scotland? He referred to that earlier and it would be an interesting piece of information for us, if he would undertake to pass it on.

Steve Webb: I was quoting from COSLA's assertion, but we are happy to give the hon. Gentleman what evidence we have, although trying to prove cause and effect is a challenge.

I congratulate the hon. Gentleman on raising this important debate, and I am grateful to colleagues who contributed.

Question put and agreed to.

2 pm

Sitting adjourned.

Westminster Hall

Wednesday 9 February 2011

[PHILIP DAVIES *in the Chair*]

Neuromuscular Care (North-West)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Paul Burstow.)*

9.30 am

Graham Evans (Weaver Vale) (Con): I thank Mr Speaker for allocating time for this important subject. I pay tribute to the excellent Muscular Dystrophy Campaign, which does such brilliant work in this field and has assisted me in preparing for the debate. This morning, I will bring to the attention of the Minister the significant gaps in specialist neuromuscular care services in the north-west region that many people living with muscular dystrophy and related neuromuscular conditions currently experience. Vital review work undertaken by the NHS North West specialised commissioning group in the past six months is encouraging, but families need to see it translated into real improvements to services. It also provides an opportunity to improve patient outcomes and to reduce the amount of money spent on unplanned emergency admissions to hospital for people in the north-west with neuromuscular conditions.

Let me briefly outline my personal connection to muscular dystrophy. I am 47 years old, and I had a cousin, Stephen Payne, who, if he was still alive today, would be of the same age. He was diagnosed with Duchenne muscular dystrophy at the age of six, and I remember the devastating effects that it had on our family. This was in the late 1960s, when not a lot was known about the condition. I remember my uncle, Mr Barrie Payne, taking his son to Harley street for a diagnosis. I am afraid to say that it was not good. None the less, Mr Barrie Payne is a fighter and a campaigner and he threw all his energies into fundraising to see if a cure could be found for Duchenne.

My very earliest memories, therefore, are of a family fighting and campaigning for a cure for that dreadful disease. I also have very early memories of politicians getting involved in this vital subject. I pay tribute to Lord Alf Morris of Manchester, who, at the time, was the MP for Wythenshawe. Coincidentally, Lord Morris's sister lived on my council estate, and I remember him driving to our estate in his Wolseley car. At the time, those cars were for very special people. He came to see my family when he visited his sister and I remember thinking at the time what a special man he was. In those days, in the '60s and '70s, it was thought that politicians could help ordinary people from working-class backgrounds such as mine. I remember so well the work that my family and Mr Morris did to get a change in legislation. I am pleased to say that Alf Morris was behind the Chronically Sick and Disabled Persons Act 1970, which was the first Act in the world to give rights to people with disabilities.

I did my best to raise money for the muscular dystrophy charity. I used to sell pens, pencils, rulers and pencil cases in my school yard at primary school. Imagine a head teacher allowing a child to go into school with a bag full of goods to sell for cash in these politically correct times. Coincidentally, my head teacher lived next door to my cousin, Stephen Payne, and at school fairs he used every opportunity to raise money for muscular dystrophy.

My uncle continued to campaign to raise money and awareness. People in wheelchairs were often not allowed access to places such as airports and museums, which led to considerable arguments. My uncle rightly felt that people with disabilities should be allowed in. I am glad to say that in the 21st century, things are a lot different.

Stephen was a bright and articulate individual, and he was always forthright in his opinions. He was a Manchester City fan, while I was a Manchester United fan. When Manchester United got relegated in 1973, he certainly let it be known how pleased he was about that. Stephen died in California when he was 21. His peers died when they were in their very early teens, which just goes to show that palliative care and hydrotherapy can extend the lives of people with Duchenne.

The Muscular Dystrophy Campaign is the leading UK charity and focuses on all neuromuscular conditions. It is dedicated to improving the lives of all people with such conditions. Founded in 1959, the Muscular Dystrophy Campaign funds vital research, provides and supports care services and gives information, advice and direct help to individuals living with neuromuscular conditions. I am honoured to be a member of the all-party parliamentary group for muscular dystrophy, which has highlighted shocking gaps in service across the UK and continues to call for improvements in access to specialist neuromuscular care to follow up recommendations in the Walton report.

There are more than 60 types of muscular dystrophy and related neuromuscular conditions. It is estimated that more than 1,000 children and adults in every million of the population are affected by muscle-wasting neuromuscular diseases—in the north-west around 8,000 people in total. Such disorders can be genetic or acquired. A number of conditions, such as Duchenne muscular dystrophy, are particularly aggressive. They cause progressive muscle wasting, weakness, orthopaedic deformity and cardiac and respiratory compromise, and result in premature death. Many young boys in the UK with Duchenne muscular dystrophy are dying before they get beyond their teens; that is unacceptable.

Specialist multidisciplinary care has been developed by leading clinicians as the best model for delivering effective care for such complex multi-system diseases. The provision of expert orthopaedics and early cardiac monitoring and intervention has been shown to improve muscle function and maintain independent mobility. People with neuromuscular conditions, therefore, need specialist multidisciplinary care, support and intervention from a range of professionals and specialists. That was recognised as part of the specialised services national definitions set. Leading neuromuscular clinicians fought hard to get those services recognised as specialist by the Department of Health.

Specialised services are defined in law as services with a planning population of more than 1 million people, which means that a specialised service is not provided by every hospital in England. The SSNDS describes the services in more detail. The definitions provide a helpful basis for service reviews and strategic planning, which

[Graham Evans]

enables commissioners to make comparisons of activity levels and spend. They help with the identification of activity that should be regarded as specialised and therefore subject to collaborative commissioning arrangements. The 10 specialised commissioning groups, acting on behalf of the members of primary care trusts, are responsible for the commissioning arrangements for specialised services.

Neuromuscular conditions come under the auspices of a number of specialities; they are genetic conditions, so geneticists sometimes deal with patients. The conditions sometimes affect children, so paediatricians are involved. A number of the adult forms come under the heading of neurology. Some of the conditions require respiratory care, which is provided by a respiratory practitioner, and some are metabolic conditions such as Pompe, and patients are treated by specialists for metabolic disorders. Therefore, health care for people is quite fragmented, and that clouds professional responsibility. "Neuromuscular" must be recognised as a speciality along with neurology.

Dr Ros Quinlivan, a leading consultant in paediatrics and neuromuscular disorders, has outlined the effects of neuromuscular conditions and how they need to be managed:

"Neuromuscular conditions are rare and include: Muscular dystrophies, metabolic myopathies, congenital myopathies, inflammatory myopathies, Spinal Muscular Atrophies. Many of these conditions affect only skeletal muscle and thus cannot be considered to be neurological disorders, in fact skeletal muscle can be considered to be the largest organ in the body. Most neuromuscular disorders are genetic in origin and affect families, but the inflammatory myopathies are acquired and require specific treatment. Affected patients range from newborn infants to elderly people. The effect of many of these conditions is on the skeleton causing skeletal deformities due to muscle contractures and on the heart and lungs causing respiratory or cardiac failure which can significantly limit life expectancy.

The physical management of these disorders is quite distinct compared with conditions affecting either the nervous system or the musculo-skeletal system (bone and joints). Proximal and axial muscle weakness caused specific functional difficulties not seen in patients attending clinics in other specialist areas. The progressive nature of these conditions means that a multi-disciplinary approach to care, with experienced clinicians specialising in neuromuscular disorders, is essential to achieve the best outcomes."

It is now felt by the clinical community that it is time to make a neuromuscular curriculum part of the medical career, to establish the neuromuscular field in its own right. The conditions have a lot in common, so it makes sense that they are treated by the same person. For example, some forms of limb-girdle muscular dystrophy exhibit similar symptoms to some forms of spinal muscular atrophy, but one is a muscle disease and the other more a neurological disease. They are long-term rare conditions, which makes them quite different from neurological diseases such as Alzheimer's and Parkinson's.

Neuromuscular services need to be commissioned on a regional basis. Currently they are commissioned by the 10 regional NHS specialised commissioning groups, with top-slicing of PCTs. That method of commissioning services for these rare and very rare conditions has been endorsed by a new body of experts, the British Myology Society. It makes no sense for one PCT to commission specialised services. Unlike conditions such as Parkinson's or multiple sclerosis, there are no guidelines from the National Institute for Health and Clinical Excellence for these neuromuscular conditions, which presents real difficulties when trying to set standards of care across the country.

That situation has been a contributing factor to the postcode lottery that has arisen, and which was highlighted in the all-party group on muscular dystrophy's Walton report, published in August 2009. That followed reports by the Muscular Dystrophy Campaign, as part of the charity's "Building on the Foundations" campaign, which revealed the shocking lack of specialist care in many parts of the country. The lack of knowledge, training and skills in the sector is a significant concern. For example, there is no specific training or curriculum for neuromuscular services in the neurological field.

I am sure that hon. Members will share my concerns and the frustrations of people living with neuromuscular conditions in the north-west, as expressed in the Muscular Dystrophy Campaign's patient survey in 2010. Deborah Hurst from Liverpool is affected by facioscapulohumeral—FSH—muscular dystrophy. However, she was not diagnosed with it until she was in her late thirties. She is now 47. Her two daughters were born before she was correctly diagnosed and one of them, who is now aged 25, has inherited the condition. Deborah says:

"I have two daughters and I knew one was affected, but the doctor told me I was fussing and silly. When I finally got them tested, he congratulated me on my actions, which I was very mad about as my daughter took her diagnosis very badly at the time and 'congratulations' was not what we wanted to hear."

Mrs H from Lancashire has a son affected by a neuromuscular condition. She says that in her experience, GPs do not understand such conditions:

"My GP is very good but says, 'We have about two hours of tutorial on muscular dystrophy in the whole medical training.' So therefore they have no in-depth knowledge."

Elaine Sands from Stockport is also affected by FSH muscular dystrophy. She does not receive any specialist care, but she would value the support of a neuromuscular care adviser. She says:

"As I am housebound, it would be nice to have someone give me physiotherapy and also some kind of visitor who knows about my condition, as I live alone and I would appreciate being able to talk to someone who understands the disease."

However, the situation is different for Joanne Ashton. She has a five-year-old son, Liam, who has Duchenne muscular dystrophy. Through the specialist neuromuscular service at Alder Hey hospital, Joanne and her family have access to a specialist consultant, Dr Stefan Spinty, and to a full multidisciplinary service, including a neuromuscular care adviser. Joanne says:

"Shirley, our Care advisor, is fantastic. We only have to ask and she's there. Liam had his wish granted, through the "Make A Wish Foundation", because he was nominated by Shirley. So we are all impressed with the care advisors."

The Muscular Dystrophy Campaign's clinician-led report, "Building on the Foundations in the North West", which was published in June 2009, made a number of findings about neuromuscular services in the north-west.

Mr Gregory Campbell (East Londonderry) (DUP): I thank the hon. Gentleman for giving way and I congratulate him on securing this debate. He has rightly referred to the issue of care advisers. Obviously I understand that

the north-west of England is his particular concern, but does he agree that if more emphasis were put on having excellent care advisers right across the UK, like the adviser who he has just referred to, that would help those who suffer from this condition immensely in trying to come to terms with it?

Graham Evans: I thank the hon. Gentleman for that intervention. I wholeheartedly agree. When someone is suffering from a condition, there is nothing quite like having people trying to help who understand what they are going through, both physically and mentally. So I wholeheartedly agree.

As I was saying, the "Building on the Foundations in the North West" report found that three out of four neuromuscular patients and their families have no access to a key worker or a care co-ordinator. About 6.5 regional care advisers are needed to serve the estimated 8,000 people —which is up from an earlier estimate of 6,500 people—in the north-west area who have a neuromuscular condition. Many of those people are simply not known to providers of health services.

The report also found that neuromuscular patients have very limited access to treatment, in particular to ongoing physiotherapy. Specialist physiotherapists are required to support outreach clinics and to provide training and professional development for community physiotherapists. In the north-west, two fifths of neuromuscular patients said that they do not receive enough physiotherapy.

Another finding of the report was that there is no dedicated physiological service for neuromuscular patients, despite the importance of such a service as part of multidisciplinary care for that patient group, who have rare and very progressive conditions. Those conditions are often genetic, there are no known cures and there are only limited treatments available. Greater support at the transition from paediatric services to adult services is needed, given the evidence that services are removed or greatly reduced when patients leave paediatric services, even though their needs may well increase given the progressive nature of many of these conditions.

John Pugh (Southport) (LD): I thank the hon. Gentleman for giving way and I congratulate him on raising an important subject. In fact, he highlights a very significant problem. If I understand him correctly, he is saying that we need an adequate clinical network for the rare disease that he is speaking about and a range of providers need to be joined seamlessly, as it were, in some way for the good of the patient. Normally, we expect the strategic health authority to identify the failures to provide such a seamless service and to somehow levy the PCTs to deliver it, which the patients expect and deserve. Is he saying that the central problem is how such a service will progress under the new arrangements, when PCTs, SHAs and other such organisations, which are mandated to resolve these problems, no longer exist?

Graham Evans: I thank my hon. Friend for that intervention. He makes a very good point. The new arrangements are a threat, but they are also an opportunity, because services are currently provided by the PCTs but not all of them understand these neuromuscular conditions. The new arrangements are a real opportunity for the Muscular Dystrophy Campaign to get its point across, so that we get off on the right foot when the changes come in. However the GP-led consortia really need to understand and appreciate what is required. It is about having a holistic approach. Shortly I will discuss an excellent neuromuscular centre in Cheshire, which makes a huge difference to patients. It encompasses physiotherapy and the other aspects of care that make life so much more comfortable for those people who have muscular dystrophy.

John Pugh: I apologise to the hon. Gentleman and to you, Mr Davies, because I will not be able to stay for the duration of the debate. Consequently, I will not find the answer to the problem that I have just referred to.

Graham Evans: Okay. I thank the hon. Gentleman.

George Hollingbery (Meon Valley) (Con): I apologise to my hon. Friend for intervening immediately after another intervention. He has just raised an interesting point about the transition from paediatric services to adult services. In my own area of the south-central region, which is clearly outside the geographical area that is the focus of this debate, we have recently managed to secure at least an advertisement for a new care adviser in the area. However, I understand that that care adviser will not be able to advise on paediatric conditions but only on transition and adult services. Is it not the case that we need a full range of services for all sufferers of this disease and a proper range of advice across all ages?

Graham Evans: My hon. Friend makes a very good point and I totally agree. A holistic approach is needed and there should be a seamless transition from being a young person and receiving paediatric services to receiving adult services. However, this point does not just apply to muscular dystrophy. For example, lots of mental health care services suffer from similar problems. Nevertheless, my hon. Friend is quite right. There should be a seamless transition from one service to another.

Greater support at transition from paediatric to adult services is necessary to provide evidence of services being removed or greatly reduced when patients leave paediatric services, even though, as I have said, their needs may well increase given the progressive nature of many of these neuromuscular conditions. There is a three-monthly transitional clinic in Manchester and a monthly transitional clinic that alternates between Alder Hey children's hospital and the Walton centre, which are both in Liverpool. Both those services—in Manchester and Liverpool—are extremely vulnerable and entirely dependent on the availability of their respective consultants. A transitional clinic at Preston is evolving, but it is not formally funded and is based on the good will of the clinicians. The transitional clinic at Alder Hey children's hospital is the only one that is attended by the required multidisciplinary team. None of the transitional services in the region is funded or appropriately staffed.

The Walton report, published in August 2009, expressed the concerns that the all-party group on muscular dystrophy developed as a result of its inquiry into access to specialist neuromuscular care. Martyn Blenkharn, chair of the Muscular Dystrophy Campaign's North West

[Graham Evans]

Muscle Group, expressed in written evidence to the all-party group his frustrations about attempts to access NHS physiotherapy:

"No hydrotherapy available in the area - private arrangements can be made, but no assistance from NHS physiotherapists can be obtained. Compared with the previous PCT area (North Cumbria) which covered the area where I used to live, the service in my current PCT area (North Lancashire) is totally unsatisfactory - the quality of care from those who treat me directly is fantastic, but their hands are tied to provide what is really needed."

The all-party group concluded in its regional summary about the NHS North West region:

"We heard from clinicians in the North West region about the problems facing the multi-disciplinary North West Neuromuscular Network - founded and chaired by Dr Stefan Spinty, Consultant Paediatric Neurologist and lead neuromuscular clinician at Alder Hey Children's Hospital, Liverpool. Dr Spinty is currently managing this vital network single-handedly without any funding. We believe that the Network should at least be supported by a Network Coordinator. Greater support at transition from paediatric to adult services is also needed, given the evidence of services being removed or greatly reduced when people leave paediatric services. Existing transition services are extremely vulnerable and we were concerned to learn from clinicians that none of the transitional services in the region are funded nor appropriately staffed. Having met with commissioners from the North West Specialised Commissioning Group to discuss these concerns, local clinicians and representatives from the Muscular Dystrophy Campaign were disappointed to be told that there are competing priorities in the region, and that PCT budgets were under strain. We urge the North West SCG and the local PCTs to undertake a service review to address the weaknesses highlighted by clinicians, patients and the Muscular Dystrophy Campaign."

The NHS North West specialised commissioning group has taken significant steps forward since those findings, and I will outline them shortly.

The North West Muscle Group raises awareness of neuromuscular conditions and provides a forum for people living with the condition to share experiences and advice about access to local and regional services. Since its launch in June 2009, the group has been actively campaigning to improve access to neuromuscular services in the region, engaging with MPs and with the NHS North West specialised commissioning group. Pressure from the North West Muscle Group, alongside the Muscular Dystrophy Campaign and the all-party group, was instrumental in ensuring that the NHS North West specialised commissioning group conducted a thorough review of neuromuscular services.

Joanne Ashton, a member of the North West Muscle Group, commented:

"I'm glad I joined the Muscle Group. It means I've got all this information early on and I won't come up against a brick wall later - I feel I've been pre-armed. It's nice to know I'm not on my own and it's good to meet other people at different stages. Every day I imagine how bad things could get, but at the Muscle Group I met young lads with Duchenne muscular dystrophy who are in wheelchairs and they're fantastic, they're doing so well. Everything had a real positive spin on it too, and I realised that it's not all doom and gloom."

The campaign in the north-west was further spurred on by a comment made by Mike Farrar, NHS North West's chief executive, to Lord Walton of Detchant at an event in Parliament in November 2009. Having referred to the review of neuromuscular services in the south-west, which Sir Ian Carruthers, NHS South West's chief executive pushed through, Mike Farrar commented:

"Anything Sir Ian Carruthers can do, we can do better".

As a result of lobbying by the Muscular Dystrophy Campaign, a review of services was set up in the NHS South West specialised commissioning group in February 2008. In February 2009, local primary care trusts approved a new £1 million neuromuscular strategy to reduce the £6.9 million spent in the region on unplanned emergency admissions to hospital for people with neuromuscular conditions.

I am fully aware, as are several hon. Friends, of the excellent work by the NeuroMuscular Centre in Winsford, Cheshire, which is in the constituency of my hon. Friend the Member for Eddisbury (Mr O'Brien). That centre provides ongoing specialist physiotherapy, which reduces the number of falls among people with neuromuscular conditions, and it also offers social enterprise opportunities. However, although the physiotherapy provision is regarded as excellent by those who go to the centre, difficulties are encountered with PCTs and funding, as reported in the Muscular Dystrophy Campaign's patient survey 2010. Mr A from Cheshire has Charcot-Marie-Tooth disease and travels to the centre for specialist physiotherapy and hydrotherapy, but his local PCT is unwilling to pay, despite not offering him any alternative physiotherapy or hydrotherapy provision. Following concerted pressure by the Muscular Dystrophy Campaign, the North West Muscle Group and the all-party group, Jon Develing, chief officer of the NHS North West specialised commissioning team, made a personal commitment to the all-party group in January to recommend that the NHS North West specialised commissioning group undertake a review of neuromuscular services.

The review was set up by the commissioning group in May 2010, and the steering group set up an effective model for the NHS working with the Muscular Dystrophy Campaign, patients and expert clinicians from the region. To further involve people living with neuromuscular conditions, a stakeholder day was held in September 2010, which represented a vital opportunity for people to have their say about the services that are crucial for an acceptable standard of specialist neuromuscular care in the region. That led to a gap analysis and a report with recommendations for service improvements— the first time ever that neuromuscular services have been looked at in this way, across the whole region.

The recommendations are currently being put to local primary care trusts to approve new investment for a neuromuscular strategy. The proposed minimal required investment to reduce the £13.6 million spent on unplanned emergency admissions to hospital for neuromuscular conditions and to sustain neuromuscular services across the north-west includes 2.5 new fully NHS-funded care advisers, 2.5 specialist consultants, two to three specialist physiotherapists and one specialist neuromuscular nurse.

Will the Minister agree to write to the specialised commissioning group and to PCTs, endorsing the recommendations as necessary steps to save money and reduce unplanned emergency admissions? Will he ensure that a named individual in the NHS in the north-west will take the work forward once the specialised commissioning groups disappear? The neuromuscular network approach is hugely important to ensure the co-ordination of neuromuscular services in specialist multidisciplinary teams, as demonstrated in the south-west of England and by the Scottish Muscle Network, and

to ensure links to the primary and secondary care that plays a crucial part in the management of neuromuscular conditions.

Dr Stefan Spinty, consultant paediatric neurologist at Alder Hey children's hospital, who played a leading role in the north-west neuromuscular service review, said:

"In order to improve patient outcomes and help to reduce unnecessary and costly hospital admissions, it is important that the recommendations from the North West Specialised Commissioning Group report, which is due to be published soon, are implemented. All neuromuscular clinicians who have been involved in the North West neuromuscular service review are committed to support the implementation process to further improve and secure service provision for individuals affected by neuromuscular conditions in the future."

Christine Ogden, a campaigner and fundraiser from Bolton, whose grandson has Duchenne muscular dystrophy, said:

"It is vital, that essential increase in care, support and advice for families outlined in the North West Specialised Commissioning Group's report recommendations, which will make a real difference for families living with muscle disease. It is also so important that information for health professionals about neuromuscular conditions is significantly developed."

Beryl Swords from Liverpool, whose son John has FSH muscular dystrophy, has commented on the provision of physiotherapy for adults with neuromuscular conditions:

"I feel strongly that physiotherapy for adults with muscular dystrophy is totally inadequate. If improvements were made to North West neuromuscular services, then perhaps this area of care could be more freely available, keeping people with the condition mobile for longer."

The urgency of improving neuromuscular services in the north-west is encapsulated in the following comments by Nicci Geraghty, a north-west campaigner and fundraiser:

"I have two nephews with Duchenne muscular dystrophy. This is not only a cruel condition for my nephews to suffer from, but also very harrowing at times for us as a family to watch each stage of progression knowing that the postcode lottery already exists throughout the country. This has a huge impact on survival rates and I don't wish to see my nephews robbed of any chance they have to lead the best quality of life possible."

The evidence provided makes a compelling case for the urgent necessity of developing and improving neuromuscular services in the north-west in order to save money. Will the Minister write to NICE stressing the importance of a NICE quality standard for Duchenne muscular dystrophy, as well as one on home ventilation and respiratory support? Will he attend the next meeting of the all-party group on muscular dystrophy on Wednesday 9 March to update the group on progress, and will he agree to meet clinicians who have been developing a neuromuscular curriculum with the Association of British Neurologists? Thank you for calling me, Mr Davies.

10 am

Mark Durkan (Foyle) (SDLP): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate the hon. Member for Weaver Vale (Graham Evans) on securing this debate, which is important to many people. Although the title of the debate refers to neuromuscular services in the north-west, my constituency neighbour the hon. Member for East Londonderry (Mr Campbell) and I come from the north-west of a different island. This is not revenge for the map-reading errors that many of us would have heard excuses for over the years in border areas in Northern Ireland, nor is it an attempt to hijack this debate. I want to give positive support to the articulate efforts of the hon. Member for Weaver Vale, who spoke compellingly about what muscular dystrophy can mean for the individuals affected and their families.

Unlike the hon. Gentleman, I do not have a relative who suffers from muscular dystrophy, but I remember being particularly impressed by a young constituent of mine and his family. My constituent, who unfortunately died a couple of years ago, was named Donovan McKeever. When his parents, Brendan and Teresa, heard Donovan's diagnosis, they were confounded by the degree to which nobody knew what to say to them or what they were talking about, asking about or looking for. Donovan's father Brendan wrote a small book about his experience, titled "It Shouldn't Have to Be Like This".

Unfortunately, when a child is diagnosed with muscular dystrophy—this also happens with many other conditions, such as autism—parents often have to navigate systems and negotiate between services as though they were the first to find themselves in that situation. The hon. Gentleman's speech reflected such frustrations. Because people know the good work of the Muscular Dystrophy Campaign and know that it is a recognised disease, they assume that care services are in place and that the system kicks in and knows what to do, how to pass people on and how to connect services. They assume that key workers exist to ensure that needs are met, whether that involves a disabled facilities grant for adapting housing, or assistance deciding which school environment will be most conducive or accessible. Families need support, and they expect the system to provide it. For people with muscular dystrophy—Donovan had Duchenne muscular dystrophy—that does not always happen.

The hon. Gentleman mentioned the importance of care advisers, as did the hon. Member for East Londonderry in his intervention. Northern Ireland has a muscular dystrophy care adviser, but unfortunately the funding for that care adviser is committed only until the end of March, and no long-term funding is in place. Not only are things not as they should be, but the existing service and the commitments that have been made may well disappear in the context of budget squeezes and other changes.

We should use this occasion to call for better services, planning and support, not just in the interest of individuals with such conditions and their families but in the interest of providing well-managed public services and savings. The hon. Member for Weaver Vale mentioned unplanned emergency admissions. Some 2,000 people in Northern Ireland suffer from muscular disease, and their unplanned emergency admissions cost at least £2.25 million a year. Better and more appropriate and available services would lead to savings. Making people present themselves in a less appropriate context puts pressure on other services and adds to costs, which is not efficient. Cutting corners in such areas in the name of efficiency savings is wrong, and some of the cuts and squeezes taking place are counter-efficient.

I know that the Minister is particularly concerned about the health services that the hon. Gentleman and I have mentioned. The issues on which patients need to engage the public policy system are not confined to clinical presentations. In the context of some other changes that the Government are introducing, such as

[Mark Durkan]

changes to disability living allowance and medical assessments, I would hope that the Minister acts as an advocate for patients with muscular dystrophy to ensure that they are not overburdened by medical assessments. They find it difficult enough to navigate the system and get the services that they expect; it should not be made harder for them to get support such as disability living allowance and the mobility component.

On the intended removal of the mobility component of DLA from people in residential care, many young adults with muscular dystrophy choose to live in a residential care setting because of their situation. Their parents may have passed on, and other family members may have moved on. It is nonsense for people who have made that choice to lose the mobility component, with all the social support, access, personal outlets and socialising that it allows. I hope that this debate is not purely about the important issue of clinical and medical services for those with muscular dystrophy; I hope that we will take a holistic approach to people's particular needs.

The hon. Member for Weaver Vale mentioned specialist multidisciplinary care. If we break the issue down to our different locations, whether we are talking about the new single commissioner for Northern Ireland, the Health and Social Care Board—

Philip Davies (in the Chair): Order. I do not wish to interrupt the hon. Gentleman's flow, but I hope that he appreciates that the terms of the debate relate specifically to the north-west. Although his comments on Northern Ireland are interesting, I hope that he will tie them in to the situation in the north-west, as that is the title of the debate.

Mark Durkan: I fully accept your admonition, Mr Davies. I made that point at the start.

If we consider specialist multidisciplinary care in relation only to different localities—whether primary care trusts and GP-led commissioning in the north-west of England or purely within the devolved regions of Scotland or Northern Ireland—we might miss a point. In the case of rarer diseases and conditions, a bigger commitment and wider consideration at a UK level provides a better context of scale. As we have heard, individual GPs sometimes are not good at responding to particular needs or realising the importance of a condition because they do not see enough instances of it. That problem applies not only to GPs but, more broadly, to other services and public management bodies.

I hope that, during the Minister's tenure, the Joint Ministerial Committee, which brings together Ministers from the devolved entities as well as those from Whitehall, and the British-Irish Council will undertake initiatives to examine whether we can learn lessons from one another. When I was a Minister in the Northern Ireland Assembly, I was privileged to attend the council's very first meeting. I remember the late Donald Dewar saying that one of the most undervalued art forms was plagiarism and that we needed a vehicle to bring together public policy planners and overseers, such as Ministers, from different parts of these islands. We need that not just in order to see who is doing well at what and to copy them, but in order to be honest and admit what we are all doing badly; to discuss the serious issues that we are not doing enough about; and to constantly agree, as public representatives, that more should be done and that there should be better laws, better services and better funding. If we cannot do enough of that in relation to our own individual pressures, perhaps the British-Irish Council and the Joint Ministerial Committee can together ask some of the fundamental questions, at the heart of government, that were raised by the hon. Member for Weaver Vale.

10.11 am

John Pugh (Southport) (LD): I have the temerity to believe, Mr Davies, that this debate might finish early, so I will make a brief contribution. I congratulate the hon. Member for Weaver Vale (Graham Evans) on introducing the topic. His preamble was very touching—I have a vision of him as an enormously public-spirited child, raising money for charity. He has clearly carried that public-spiritedness into later life and into politics. I disagree with him, however, about the poshness of Wolseley cars—there were certainly some fairly ordinary Wolseley cars in my day.

I want to elaborate on my intervention on the hon. Gentleman. He explicitly said in his articulate presentation that he has some concerns about the abolition of the specialist commissioning bodies that were set up by the strategic health authorities. Such concerns have been generally well recorded by a number of people with an interest in a variety of rare diseases, not just those of a muscular kind. Although renal problems are not particularly rare, the SHA in my constituency has dealt with the huge problem of elderly people needing renal services by saying that those services need to be in Southport where the demand is. A facility has been produced that is beyond the cost limits of the primary care trust: in fact, it is a regional facility and has been established on the basis of a regional strategy.

The case has been well made across the piece that we need specialist commissioning groups. They have been necessary to deal with rare diseases and to construct the necessary clinical networks. Often, people need not a specialist secondary care facility, but adequate facilities and therapies in the primary care setting. Moreover, those facilities need to somehow integrate, talk to one another and form a clinical network.

What will happen when the SHAs and, presumably, the commissioning units that they set up go? I hope that the Minister will solve that problem. There are two possible answers to the question. The first is that we do not know. The other answer—the Minister may wish to enlarge upon this—is that we will get outposts of the national commissioning board that will do very much the same job as the SHAs. If we have regional commissioning groups, which are generally aware of what is required in the region, we replicate the existing solution, which may be perfected and improved in the process. Few would have problems with that. Some would question the necessity to deconstruct then reconstruct everything, but such a solution is acceptable to many who are concerned about a range of rare diseases, including those that the hon. Gentleman has spoken about. Therefore, my single, simple contribution to this debate is to pose the Minister a question: is that the solution to the problem and, if not, what is?

10.14 am

Emily Thornberry (Islington South and Finsbury) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. It is also a pleasure to take part in Westminster Hall debates, which I usually find to be of much higher quality than those in the main Chamber. It is a shame that so few people attend these debates, because they can be outstanding.

I found today's contribution by the hon. Member for Weaver Vale (Graham Evans) profoundly moving, and I am grateful to have had the opportunity to listen to him. The image of him selling rulers in the playground will stay with me, and those with muscular dystrophy are lucky to have such a passionate and committed campaigner on their side and in their corner. I too shall always remember to plagiarise Donald Dewar, but in a much less generous way than the hon. Member for Foyle (Mark Durkan). He attributed to Donald Dewar the phrase that plagiarism was undervalued, but I fear that I will simply use it as my own from now on.

Joking aside, this is a serious issue. I was not aware that there are 60 types of muscular dystrophy and that 1,000 children and adults in every 1 million of the population are affected by the disease. It is hugely important to learn such things in my job. It is unfortunate that so few people know about them and that I have to be in this position to learn about them. It is also of great interest that 8,000 people are affected by the condition in the north-west region. We have heard how aggressive Duchenne muscular dystrophy is, and the effect that it has on young boys is a great worry. I have also learned about the stupendous work of Stefan Spinty; it is important to remind the Department of Health that he is trying to run his network without any funding.

In broader terms, treatment for muscular dystrophy in the north-west faces two challenges. The hon. Member for Foyle touched on the first, which is the challenge of cutbacks to services in general. We heard of the cutbacks to special assistance for those with muscular dystrophy in the hon. Gentleman's area. The cutbacks to mobility and adaptation in relation to people's homes are larger concerns. Those things are very worrying.

The other challenge relates to the changes in GP commissioning coming at us if the Health and Social Care Bill is passed. We heard this morning that GPs often do not have a great deal of expertise in relation to muscular dystrophy. One could quote statistics that GPs will come across the condition only once or twice a year, but the stories we have heard from the hon. Member for Weaver Vale are more important. He talked about the woman with muscular dystrophy whose daughter clearly had the same condition, but when she told a doctor that there was something wrong with the child, she was told that she was fussing and silly. On the back of that, we heard that doctors have only about two hours of teaching on the condition, so we should all be worried about exactly what will happen to its treatment when GPs take over commissioning. The Government must reassure us about what the specific commissioning pathways will be for this condition, and what the role of the national board will be in relation to muscular dystrophy. It is only right that people with muscular dystrophy, their families and those who represent them are reassured that they will be treated properly and that their particular condition will be treated.

John Pugh: The hon. Lady's point seems slightly tangential. If her argument is that what is wrong with the arrangements is the current ignorance of GPs about referral pathways, that situation has pre-existed these arrangements and may succeed them. It is an independent issue, is it not? It is not about structures.

Emily Thornberry: As the structures currently stand, it is understood by GPs that they can receive back-up, through the specialised services national definition set, from the various networks that have already been established. If the national health service is to be grabbed by the ankles, turned upside down and shaken hard, the problem is that in the ensuing chaos, GPs will be distracted and, in the short term, people with muscular dystrophy might not get the services that they deserve. That is a legitimate concern, which it is only right to lay at the Minister's door, because it is this Government who will be putting the national health service through that process.

As I have already asked, will the Minister confirm that specialist neuromuscular services will fall under the remit of the national commissioning board? How will the board work with other services, such as community nursing, speech and language therapy, and continuing care and physiotherapy, which I understand will be commissioned by GPs? How will that work, and how will people with muscular dystrophy not fall between the gaps? Will the Minister provide more information about regional commissioning—already mentioned during the debate—which might arise under the national commissioning board? It would be reassuring for many to learn that the national commissioning board might have regional hubs, but we have yet to hear that stated specifically. If it were to be stated this morning, it would be good news for many people.

The other issue that I know the Minister shares my great passion for and interest in is the importance of increasing integration of services. People with the conditions we are discussing are clearly exactly the sort of people who need integrated services, so that they can have assistance in hospital—hopefully as an out-patient—and care in the community. There is a continuing disconnect between social care and health care. We all know that when those services do not connect properly, people end up as an emergency admission. We have already heard that £68.5 million is spent across England on unpaid emergency hospital admissions for people with muscle disease.

It is clear that savings can be made, and the holy grail for all of us is to ensure that there is better integration between the various services—both between primary and secondary care, and social care and health care. The challenge in the near future is to consider exactly how the Health and Social Care Bill will help with that integration. There is concern that, in fact, it will do the opposite.

It is important that the legacy is protected. The Muscular Dystrophy Campaign has been working constructively with the 10 NHS specialised commissioning groups across England, and significant progress has been made on improvements to neuromuscular services and on an increase in the number of muscular dystrophy care advisers. In the context of the changes to the national health service and the cutbacks in funding, there is concern that a lot of that good work may fall by the wayside. This morning would be a timely moment

[Emily Thornberry]

for the Minister to reassure us that the legacy will not be lost. Will he reassure me that the work being carried out by the regional specialised commissioning groups will not be put in jeopardy following the proposed reforms for their abolition?

10.22 am

The Minister of State, Department of Health (Paul Burstow): I congratulate the hon. Member for Weaver Vale (Graham Evans) on the passionate and powerful way in which he clearly set out the case. He has done a great service to the interests of those who suffer from muscular dystrophy and their families. I thank him for securing the debate. I also congratulate him on the work he has done in his role as a member of the all-party group on muscular dystrophy, not only for his region but in raising the issue more thoroughly around the country. I join him in paying tribute to the work of the Muscular Dystrophy Campaign and the North West Muscle Group. Both those organisations operate as powerful advocates for people affected by these lifelong and life-limiting conditions.

It is 18 months since the all-party group published the Walton report, which showed how far we had to go—as the hon. Gentleman has described only too clearly— to improve the care of those with muscular dystrophy and other neuromuscular conditions. There are historic weaknesses. The intervention of my hon. Friend the Member for Southport (John Pugh) just now underscored that point. There are weaknesses in the current system and in how we organise the things that have rightly been highlighted by today's debate.

There is a real sense of urgency for change, not least because of the simple fact that we know about the huge personal and family costs of this condition and how it impacts upon people's lives. Unless care is properly co-ordinated and well conducted, NHS resources will be wasted. They will be invested in the wrong places and will not deliver good outcomes. That cannot be acceptable in our modern health care system. Several colleagues alluded to the costs. The figure of £13.6 million was mentioned as the overall cost of unplanned hospital admissions for those with neuromuscular conditions in the north-west. If we analyse the journeys that people make through our health care system, that shows the actual cost.

Some hospital admissions are necessary and unavoidable. A person who contracts a respiratory infection is a good example of where there is an unavoidable need. However, if we consider the figures in greater detail, the number of people admitted for non-invasive, elective care, shows that there are many preventable costs in the system. That amounts to just under £5 million in the north-west alone. Those costs could be avoided and the money could be spent better. That has to be a key message. It is not just about spending more; it is also about spending better in our system. We need to ensure that we consider the economic case for investing wisely in services that can, in fact, provide a better quality of life. We must also ensure that we avoid unnecessary admissions in the first place.

Positive steps have been taken in the north-west. That progress has been hard fought, and it deserves to be recognised and applauded. Indeed, the strategic health authority has told me that £4.2 million has been spent on developing neuromuscular services over the past four years. As mentioned, a dedicated neuromuscular service at Alder Hey has been set up to provide excellent care for children. Out of that £4.2 million, £289,000 was invested as a commitment to the service provided and led by Dr Spinty. There appear to be some grounds for dispute over whether such services are funded or unfunded. However, we certainly need to keep ensuring that resources go in. There is a case to be made for ensuring that resources are well spent. Paediatric critical care services have improved with a dedicated paediatric intensive care transport team. There are additional beds at Alder Hey and the Royal Manchester for ventilation services, with similar investment in both invasive and non-invasive respiratory services for adults, too.

Although those developments are welcome, the local NHS accepts that many issues still have to be addressed, many of which have been aired today. The specialised commissioning group is responding to the Walton review by reviewing the region's neuromuscular services. In essence, that review group—made up of clinicians, commissioners, patients and families—is aiming to address exactly the issues aired today: how to improve the poor support available to those diagnosed with neuromuscular conditions in adulthood; how to address the variability and patchiness in the availability of specialised neuro-rehab and wheelchair services; and how to improve transitional arrangements to help young people to move from paediatric to adult services. That is an absolutely key issue that comes up time and again in relation to rarer conditions when considering how well or how poorly the NHS manages those vital transitions from child and adolescent services to adult services.

The review group has updated the all-party group on muscular dystrophy on the review's progress. On the kind invitation that has been extended to me to attend the meeting of the all-party group, I do not know whether I can attend on the specific date mentioned. However, I will certainly undertake to attend a meeting of the group as soon as I can and take questions from the group's members.

I understand that the NHS North West specialised commissioning group will consider the review's recommendations in March, and that the full report will be published shortly after. Clearly, I do not wish to pre-empt that report in any way but, based on the conversations I have been having in preparation for the debate, I think that the review team is asking some important and necessary questions. Those questions are on sharing best practice to ensure greater consistency, on work force planning, so that there is better co-ordination and leadership across care pathways, and on finding efficiencies across the system in line with the region's quality, innovation, prevention and productivity plans.

The key to all of this is to have a much clearer split of responsibility—a sense of joined-up access across the care pathways to deliver a less fragmented and more person-centred approach to planning. I will say a bit more about the point that the hon. Member for Islington South and Finsbury (Emily Thornberry) raised on that in a moment. For me, the greatest challenge for the modern NHS is how to make sure that we have much more joined-up delivery. We have to accept that care and support for those with long-term conditions is a particular area where we do not get it right often

enough, and it is unfinished business. There is too often a disconnect between what is commissioned at a regional level by specialised commissioning groups and what is available at a local level as commissioned by primary care trusts. It not only confuses patients and compromises both their care and quality of life; it also leads to inefficiency and duplication within the system.

Putting that right means thinking radically. It means putting greater emphasis on managing pain and helping people with multiple conditions. It means finally developing a personalised system to end the attachment to bricks and mortar institutions and to reinvent health care in a modern context—a health system that is much more about what can be delivered in the home and in the community than it is about clinics and consulting groups.

When it comes to long-term conditions such as muscular dystrophy, attention tends to fall on specialised commissioning groups, and that is what has been rightly talked about today—the response in terms of tertiary care. Tertiary care is clearly important. We can see, from the important work at Alder Hey and Royal Manchester children's hospital, the difference that such specialist centres can make. However, there also needs to be an equal onus on community-based support—the ongoing day-to-day care that is so important to support quality of life and to keep people out of hospital in the first place.

Primary care trusts and in the future GP commissioning consortia and health and well-being boards, not the specialised commissioning teams, will be responsible for that. They will shape the services that clinicians and social care need to provide to meet the needs of patients, such as hydrotherapy, wheelchair services, speech and language therapy, respiratory support and help with swallowing. It is therefore essential to have better co-ordination, a better link-up between commissioning teams across health and social care and beyond, and, rather than individual bits, a person-centred approach to planning across the whole care pathway. That needs a whole life course approach, which is why I return to the point that we need a focus on transitions between childhood services and adult services. The review's recommendations will help to bring that about in the north-west. I look forward, as I am sure the hon. Member for Weaver Vale does, to its publication and to it being put into effect.

To take the case of specialist physiotherapy, the SHA recognises that there is pressure on tertiary centres, which is something that the hon. Gentleman talked about. The challenge must be met by a whole system approach that makes full use of the available resources. NHS North West tells me that it is already mapping out in more detail what neurophysiotherapy services are available across the north-west. The current specialist physiotherapists are being encouraged to work with community physiotherapy to improve their skills and to help them to offer appropriate services at a local level. That outreach to upskill other parts of the work force will be a key way to improve delivery. I understand that Manchester PCT is also doing some exciting work in piloting a neuro-rehab service that treats people at home or in the community, rather than in a clinic. That brings into relief the potential benefits of integrating tertiary and community-based services—of how, by doing things differently, we can improve services for patients.

The hon. Gentleman talked about the NICE guidelines. He is absolutely correct, as are other hon. Members who have spoken in the debate: we need greater consistency, and being more consistent means being clear about what "good" looks like. I have already mentioned NHS North West's neuromuscular services framework, which is a helpful starting point for bringing different organisations together. My hon. Friend the Member for Southport also raised the issue of the need for clinical networks, and I will say a bit more about that in a moment. The review group is also making the case for the clinical networks and clinical network managers to provide leadership, to share best practice, and to provide challenge to commissioners. Again, that would seem to be a sensible approach not just in the north-west, but around the country. I would expect the NHS commissioning board to help to take that forward when it takes up the reins of specialist commissioning.

Of course, another issue mentioned by hon. Members is the need for clear guidelines and quality standards from NICE to cover muscular dystrophy and various aspects of the delivery of care and treatment for people with the condition. I hope that Members understand that it is not for me to direct NICE. Its strength as an organisation rests on its independence from Government, and therefore I will not compromise that. What I will do, and which is important to do, is ensure that it is made aware of today's debate, so that it can take it into account in its deliberations. The East of England specialised commissioning group is leading on quality standards work and service specifications, so there is work to help influence that going forward.

Another influence on NICE are the conversations with the leadership group of the Neurological Alliance on how it can develop stronger clinical advice for a range of rare neurological conditions. I strongly urge the Muscular Dystrophy Campaign to actively engage with that leadership group, so that it is also at the table with NICE. NICE is part of that forum, which presents an important opportunity to achieve faster progress and effective action. We are also, in the context of the work of health and well-being boards and GP commissioning consortia, looking at how to update the guidance for joint strategic needs assessments. I urge the Muscular Dystrophy Campaign to have an input, through the Neurological Alliance, on that work, too.

Equally, the National Quality Board is working on a broad library of quality standards to cover all areas of NHS care. Again, there will be opportunities for the Muscular Dystrophy Campaign and others to feed into that process. Input through the leadership group of the Neurological Alliance would be a very effective way of getting its voice heard.

Careers and training have been referred to in the debate. I suggest that, rather than a Minister trying to dare to dictate the curricula of the medical professions, it might be more prudent to ensure that they are also aware of this debate, with a covering letter from me to draw it to their attention so that they can take it into account as they reflect on future curricula.

On the issue of advice and support for patients, a strong case has been made for the case-management approach. It is important that we look outwards to patients and their families. At the moment, people with long-term conditions can feel disempowered and frustrated by the complexity of the system. It can be a fight, as the

[Paul Burstow]

hon. Member for Weaver Vale has described, to understand what is available. As the hon. Member for Foyle (Mark Durkan) rightly said, it should not be the case that every time someone enters the system it feels like they are navigating it for the first time, as if no one else has ever gone through that before. That is a perfect way of describing how the system should not feel and how it must not feel as we go forward. The hon. Member for Weaver Vale described the example of Liam. That example makes a very strong case for increasing the number of neuromuscular care co-ordinators, who are known to be extremely helpful in improving patient care and outcomes. I understand that that is something that the review group is exploring and it will, through its contracting arrangements that go beyond that, help to drive that forward. I have no doubt in my mind that there is a strong economic case for the co-ordinators.

I am also pleased that the Manchester PCT is looking at how personal budgets can be used to help people with neuromuscular conditions to get the help they need. Personal budgets are more than a lever to give patients more control. They can be a catalyst for bringing services together around the needs of the individual—another way in which we can integrate at an individual level. In fact, a number of the pilots that are testing personal health budgets are actively involving people with neuromuscular conditions.

The final question, asked by both my hon. Friend the Member for Southport and the hon. Member for Islington South and Finsbury, is how do we maintain continuity during the transition period? The Health and Social Care Bill is clear that highly specialised services would, in future, be commissioned by the NHS commissioning board. I can confirm that this condition is included among them, as it is already designated as a specialist commissioning area. The board will decide how best to organise itself to deliver, on a case-by-case basis, different commissioning activities on different specialist conditions. It would be wrong, when the Government are saying in the Bill that we are giving autonomy to an NHS commissioning board, for the Minister to then specify, in an Adjournment debate, to the nth degree precisely how the NHS commissioning board should discharge that function.

The NHS commissioning board has that responsibility, and that comes with a responsibility on patient and public engagement as well. It is important that lessons from existing experience of specialised commissioning are drawn together to inform the way in which those responsibilities are discharged in the new system. I will undertake to ensure that this debate is drawn to the attention of those who are doing that work at the moment. Again, I think that the Specialised Healthcare Alliance provides the Muscular Dystrophy Campaign with a way in to influence and shape those opportunities. I note from comments to the Health Committee before the general election that there was a recognition that we could do much more by moving to a national commissioning board that can streamline, simplify and ensure greater consistency around contracting for these services.

That brings me to the other element of the new architecture, which is general practitioner commissioning consortia. Clearly, integrated planning between consortia and the NHS commissioning board will be essential, just as joint working between primary care trusts and specialised commissioning groups is at present. I am keen that strategic health authorities will encourage GP pathfinders, along with the early implementers of health and well-being boards, to work with the specialised commissioning groups to explore how the relationship can work best on the ground so that we develop the best case examples to inform the system as we move to the new arrangements.

As the hon. Member for Weaver Vale rightly highlighted, GP consortia will need advice and guidance as they take up the reins. There will be a great opportunity for patient groups to step in and provide support in that way, and I would certainly encourage that kind of active engagement. Also, health and well-being boards will have a key role as system integrators—they will have a major part to play in developing the more joined-up system. We will consider whether that is enough or whether we need to do more as we scrutinise the Health and Social Care Bill clause by clause in the coming weeks. The most effective way of operating will be through the regional networks that the Neurological Alliance is setting up. Again, I hope that the Muscular Dystrophy Campaign will be part of that.

Yes, we have to ensure that we get specialist commissioning right, but we also have to ensure that we get commissioning for long-term conditions in general right, and we have to do that at a local level.

I thank the hon. Gentleman for securing this debate and for setting out the issues so clearly, and I thank other hon. Members for their contributions. We know that there is much to do to improve the care of those with neuromuscular conditions, and that we are not doing enough yet. We know that the system that we inherited has not delivered uniform and consistent access to services—we must do more. We also know that financial pressures should not block progress because, all too often, action here saves money that can then be better spent on improving the quality of services.

I look forward to reading the final report of the north-west review group—and, indeed, the other reviews that are taking place—and I hope that it can be a catalyst for real improvements in the years ahead. The hon. Gentleman is right to say that we have to translate the intentions behind the review into tangible actions that transform the lives of his and many other hon. Members' constituents up and down the land.

10.42 am

Sitting suspended.

Unscrupulous Builders

10.58 am

Stephen Lloyd (Eastbourne) (LD): Thank you, Mr Davies, for giving me the opportunity to speak in the debate. I welcome the Minister, and look forward to his response after we have all spoken.

As an officer of the all-party groups on ageing and older people and on consumer affairs and trading standards, I feel that the issue of unscrupulous builders is of the utmost importance and warrants the thorough consideration it will be given now. I come from a business background—I run a small company and have worked as a business development director in the corporate sector—so I am not a politician whose default position is, "Let's have more regulation." However, in the building and renovation trade, many rogue builders across the UK have been ripping people off for far too long.

In my judgment, something must be done, and the Government must take steps to protect vulnerable people from cowboy builders. There are three core issues to address: first, the routine targeting of the most vulnerable people in our society; secondly, the way that unscrupulous traders create an unfair marketplace and plague the legitimate building industry; and thirdly, how we can act to stop the proliferation of fraudulent work.

Recently, a rogue trader was convicted in my constituency. That was a good result considering how difficult it is to prosecute such criminals under current legislation. During the proceedings, it came to light that he had accepted cash and cheques from customers in Eastbourne for sums of up to £23,000. One of the victims was an elderly widower, which is not uncommon. He received redress from the television show "Cowboy Builders." The programme surprised my constituent by fixing the damage done to his property while he was in hospital recovering from a heart attack. That was a good deed and much appreciated, even if it was for the purposes of entertainment. Although we can take comfort from the happy ending to my constituent's ordeal, it is unacceptable that he felt compelled to turn to a television show rather than to the authorities. However, given the lack of adequate, robust legislation to protect citizens from such criminals, his decision is easily understood and was, frankly, wholly rational.

We have a duty to those whom we serve to do something about the weakness of the current legislation, and I hope that colleagues will join me in calling for a formal consultation into the merits of a compulsory licensing system for the construction industry. Gangs such as the group of Gloucestershire scam builders convicted and jailed in January for defrauding householders of nearly £1 million cannot be allowed to continue unabated. The three men involved conned more than 50 people in 14 counties, and I extend my sincere appreciation to Gloucestershire police, who worked tirelessly and diligently throughout the three-year investigation to bring the fraudsters to justice. I echo the sentiments of the detective chief inspector who led the investigation. He characterised the perpetrators as, "Criminals, pure and simple."

Such unlawful behaviour must be taken seriously. Consumer rights experts report an average of 100,000 complaints about rogue builders each year, and trading standards organisations reveal that £170 million is stolen from UK home owners by cowboy builders every year. We are told that 2.4 million people have had problems with cold-calling property repairers; it is imperative that we take action.

Mr Mark Williams (Ceredigion) (LD): I congratulate my hon. Friend on securing the debate, and support the clarity that he seeks through a licensing regime. Does he agree that one of the strongest arguments in favour of that is the frustration shared by many of our constituents? One of my constituents, in pursuit of justice after an experience with a cowboy builder, has written to the Royal Institution of Chartered Surveyors, the Insolvency Service, the Property Ombudsman, the Legal Complaints Service and the Trading Standards Institute, but so far to no avail. I welcome my hon. Friend's attempts to bring some clarity to this area of concern.

Stephen Lloyd: I thank my hon. Friend for his extremely well-made intervention. I have heard about such cases again and again both in my constituency and as an officer of the all-party group for consumer affairs and trading standards. We are in a ludicrous position where criminals are ripping off people, often elderly people, up and down the country. However, because they are clever at using—or abusing—the law, it is almost impossible to pin them down and seek redress. That is an absurdity, and times need to change.

The issue is not simply about providing adequate protection to the public; the trouble caused by such activities is far-reaching and widespread. I know some tremendous local builders in Eastbourne, but the actions of the cowboy builders impede legitimate businesses and create an unfair marketplace for the many—the vast majority of builders, renovation companies and tradespeople who are wholly legitimate. The problem causes particular difficulty for the small firms that we are counting on to help bring us out of recession. Because the unscrupulous individuals who prey on the public operate outside the law, they often do not pay VAT. That gives cowboy builders an illegitimate financial advantage by enabling them to charge much lower prices—20% lower—than responsible legitimate companies, thereby distorting the marketplace and creating unfair competition.

That practice results in a significant loss of tax revenue, because much of the work that would be invoiced is currently paid cash in hand and is off the books, resulting in an enormous revenue loss to the Exchequer. Given the current economic situation, it would be foolish to pass up the opportunity to clamp down on such behaviour. It is deeply unfair to law-abiding citizens who pay their taxes to continue allowing fraudsters and charlatan building companies not to contribute their fair share. Beyond that, a further worry must be addressed. Around 80% of the informal economy—sometimes known as the black economy—is work undertaken by companies that are completely outside the tax system. I have already mentioned VAT, but such evaders are much more likely to avoid other key legal obligations, such as health and safety legislation. That puts their customers not only at a financial, pecuniary risk, but at physical risk.

Jim Shannon (Strangford) (DUP): Everyone has seen the programme, "Cowboy Builders", that the hon. Gentleman referred to. It illustrates that a small number

[Jim Shannon]

of people will take advantage of vulnerable people. Does the hon. Gentleman feel that one way of monitoring and keeping an eye on things and regulating the system would be to use local government to oversee work and say whether it should be passed? Perhaps that would be one way of resolving the situation.

Stephen Lloyd: That is a good point. It is not the conclusion that I have reached, but it is a strong point. The challenge with local government oversight is that it varies a lot around the country. Some local authorities would make it a high priority, while others would not. It is an option, but the conclusion I have drawn is that the Government must start taking steps to look at a licensing proposal.

I am aware that there are already programmes to help regulate the construction industry and mitigate fears, and I do not wish to undermine the valuable work of organisations such as TrustMark and the National House-Building Council. However, those schemes are taken up mainly by large companies that operate at national or regional level, and they are not the problem. The administration and cost involved in registering with such schemes is a natural deterrent to the individuals and small firms that I, and many of my colleagues, want to help. Because the vast majority of substandard work is carried out by individuals or small gangs of rogue builders, the current measures are inadequate.

According to Local Authority Building Control, TrustMark has insufficient funding to deal with the problem. Therefore, we need serious consideration about how to proceed with more effective methods of regulation. The seriousness of the matter is heightened by the well-known target of the illegitimate traders—older people, who are often the most vulnerable in our society. An ageing population coupled with increased home ownership necessitates a Government response.

Between 1981 and 2001, the proportion of the population over 75 years old increased by more than 30%. The number of pensioners living alone increased by 150,000 between 1991 and 2002, and now accounts for 14.4% of all households. That means that there are now more than 5 million pensioner-only households. Let me be clear: MPs in the House know that unscrupulous builders target vulnerable, often elderly, people. That is a growing market, and unless something is done, those builders will have ever more opportunities to rip people off.

Numerous investigations have shown that unscrupulous builders are taking full advantage of the gaps in our legislation and our rising pensioner population. Crooked salespeople are commonly overbearing, persistent and totally unscrupulous. That is a particular problem for older people, as they often live alone and are trapped by such intrusive door-to-door sales techniques. Once a salesperson is in their home, a vulnerable individual has limited means by which to end the transaction. The option of asking someone to leave is not always available to them because many home owners feel too intimidated in that situation to broach things so directly. That may sound absurd, but our experience as Members of Parliament, dealing with a large amount of casework and listening to constituents, who are often elderly, means that we know that they will be too frightened to ask the cowboy builder to leave.

When hard-sell tactics are used, many individuals feel trapped in their homes and have nowhere to retreat, leading to increased pressure and a desire to rid their home of the unwanted guests as quickly as possible, often—crucially—by accepting the service being offered. In fact, there are even reports of people being driven to their bank immediately to draw out large sums of money when faced with threatening demands.

Stephen Gilbert (St Austell and Newquay) (LD): I am grateful to my hon. Friend for securing a debate that is important to constituents from throughout the country and represented by hon. Members on both sides of the Chamber. Does he agree that one way in which we could consider regulating the sector is by extending what we have done with the gas industry to the building industry? The Gas Safe register gives older people confidence that the engineers coming into their home are qualified and professional.

Stephen Lloyd: I thank my hon. Friend for his intervention. That is a good idea as long as it is managed properly. My concern is that it might end up a bit like TrustMark. Many people do not know about that scheme and even among those who do know about it, there is some concern that it is not robustly policed. I like the idea, but we have come to the point when we need to introduce licensing. I will explain how I propose that we fund it.

In my judgment and that of many others, none of the current legislation is able sufficiently to protect the public from such threats. I hope that hon. Members will forgive me because I am going to give them a bit of a history lesson. The Pedlars Act 1871—that is a wonderful phrase; "the Pedlars Act"—excludes virtually all callers involving property maintenance and repairs. The cancellation of contract concluded away from business premises section of the consumer protection regulations is an important statutory consumer measure, but it will generally offer little or no protection from criminal practices when the traders' names and addresses are not known. Large amounts of cash change hands, yet there is no intention of operating in a fair manner. That is absolutely appalling. It is systemic and we simply cannot let it continue. Section 16 of the Theft Act 1968 has left a loophole in legislation, as its definition of theft covers only actions when a person, by deception, dishonestly obtains property belonging to another with the intention of permanently depriving the other of it.

Cowboy builders are fully aware of the flaw in consumer protection and know that as long as they carry out at least some activity, the incident will be classified as a contractual disagreement and therefore not a criminal offence. Prosecution of those perpetrators is very tough, as the necessary evidence is often very difficult to obtain; I could go on and on. That is why the market has been expanding and the actions of those deplorable individuals have got bigger every year. They know the law is an ass.

There is a logistical problem for any witnesses asked to stand up in court and face those who wronged them. That is a particular concern when the victims are already among the most vulnerable. It is another reason why action must be taken to halt the spread of these fraudulent criminals.

I am coming to the end of my speech because I want to give the Minister plenty of time to reply. In raising these issues, I make it absolutely clear that I do not want

to cast aspersions on the legitimate business men and women who provide an important and welcome buildings and renovation service to many people up and down the country. In my constituency, a noted builder, Ellis Builders, has given me advice on how I can present and pitch a proposal in a way that will work for legitimate builders. I appreciate the support that its managing director, Derek Godfrey, gave me.

We must consider the possible courses of action open to us and the ways in which we can aid genuine tradesmen and end the scourge of rogue builders. Naturally, a central aspect of any reform would have to be an increase in public awareness. The public must know how to confirm whether the workers being hired are legitimate. One reason why the current voluntary schemes are ineffectual is the lack of public knowledge surrounding programmes such as TrustMark. I believe that to make any significant advance in protecting the well-being of individuals, it is critical that we provide one clear method for assessing the competence of a building tradesman. On that point, I agree with the National Federation of Roofing Contractors and join it in advocating a means of appraisal that will provide confidence that the tradesman or woman in someone's home is competent, trustworthy and reliable.

There are many ways in which that may be achieved. Successful licensing schemes already operating in Australia and the US could provide a useful starting point for the consultation that surely must follow this debate. However, at such a difficult time for our economy, I appreciate that we must be extremely careful not to overburden a crucial sector of that economy—construction. It is necessary to strike a careful balance. We need to provide regulation and protection for the consumer on the one hand without disproportionately increasing costs or deterring compliance on the other.

It is time to consider seriously a national licensing scheme. The fee need not be too expensive. It could be £500 per annum and tiered, with smaller companies paying less and larger ones more. Any legitimate builder would see that as a worthwhile investment in their business. It would give the public the security of knowing that a builder was licensed. They could say to someone, "Do you have a licence?" If the answer was no, they could say, "You won't be doing any work in my home." If the answer was yes, they could open the door. In my judgment, that sum, if it was tiered as well, would be sufficient to fund a licensing body.

We cannot keep sweeping this issue under the carpet. The legitimate building trade—companies of all sizes—deserves more. The public deserve more. We can do more. To misquote the great and one and only Gary Cooper, "It is time to run the cowboys out of town."

11.17 am

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I congratulate my hon. Friend the Member for Eastbourne (Stephen Lloyd) on securing the debate. I thank all hon. Members for contributing. Listening to my hon. Friends the Members for Ceredigion (Mr Williams) and for St Austell and Newquay (Stephen Gilbert) in particular, it was clear that this issue affects many of our constituents. I can confirm that it has affected my constituents. I represented one of my own members of staff on this issue. She ended up having to use the TV programme dealing with cowboy builders to sort out the problem. Through dealing with that, I understood how difficult these problems can be. My hon. Friend the Member for Eastbourne was therefore right to bring the issue to the House. Although I do not agree with his proposal for a compulsory licensing scheme, let me say up front that I hope that when he hears some of my other remarks, he will know that the Government take the issue seriously, along with many other consumer affairs where there is consumer detriment. Some of the general reforms that we want to make and the general research that we are undertaking will help to ensure that this issue and others like it can be better dealt with in future.

Let me say for the record, and so that my hon. Friend understands why I am less attracted by his proposal, that there are issues of practicality and proportionality, which I know that he, as a small business person, will be very mindful of. Many people are employed in the construction industry. The UK construction industry is one of the largest in Europe, with more than 2 million people employed and 200,000 businesses. That gives a sense of what a compulsory licensing scheme would have to do and the sheer scale and size of it. That would bring with it costs and complexity.

As my hon. Friend rightly said, some rogue, cowboy builders behave appallingly, but we must balance a number of issues as we put together our measures, and I hope to reassure him about those measures in the course of my speech. I am sure that he will agree that the vast majority of people operating in the construction industry do good jobs, work hard and perform well. We are talking about a relatively small number of rogue traders, and the question, therefore, is whether we put huge cost and complexity on 2 million people and 200,000 businesses to target that tiny minority. I say that not least because it is unclear whether a compulsory licence scheme would deal with the rogues who tend to work outside the system. One would have to be sure, even under my hon. Friend's proposals, that the enforcement measures were such that one could catch these people. I have some concerns about such issues, not least when they are married to the costs and complexities that would come about under such a scheme.

Let me reassure my hon. Friend about one or two points that came up in the debate. We want a proportionate scheme. Through licensing and regulation, we want to target those trades where there is a high risk to public safety, and my hon. Friend's points about health and safety were extremely well made. That is why the gas safe register scheme, which used to be known as the CORGI scheme, is important. It deals with the technical competence of people who ply their trade. There is also the competent persons scheme for electrical work. Clearly, gas and electricity raise other issues, and we need to ensure that they are properly regulated. However, it would be disproportionate to have similar schemes for the work done by painters, decorators and others.

I hope my hon. Friend realises that we are trying to take a proportionate approach that ensures that while legitimate businesses doing a fantastic job are not penalised with costs, measures are targeted on the real cowboys. If my hon. Friend looks at the legislative framework, he will see that it is designed to clamp down on underhand practices. The Supply of Goods and Services Act 1982 requires traders to provide a service with reasonable care and skill, in a timely manner and at a reasonable

[Mr Edward Davey]

cost. The Government are examining how the Act might be modernised and simplified so that consumers have a clearer understanding of their rights, including their rights to redress when they have experienced shoddy workmanship or paid for goods that turn out to be defective. I hope that that work will lead to ideas that improve the situation.

The general consumer rights set out in the Act are accompanied by specific legislation to protect consumers from unfair selling in their own home. Builders, of course, fall within the scope of those provisions. The Cancellation of Contracts made in a Consumer's Home or Place of Work etc. Regulations 2008—I am sure my hon. Friend is familiar with them—give consumers the right to cancel a contract they have signed without penalty within seven days. That cooling-off period is a valuable protection, especially for those who may have felt pressurised into agreeing to have work done as a result of the tactics of an unscrupulous builder. My hon. Friend will note that those regulations came in in 2008, and they are still being rolled out, so an understanding of them is still developing among many trading standards officers and the wider public. Those measures are in place, however, and I think that they will be increasingly effective.

As regards other protections given to consumers, it is important to ensure that the enforcers—at national level, it is the Office of Fair Trading, but there are also local authority trading standards officers—have the right tools at their disposal to deal with dodgy builders. The Consumer Protection from Unfair Trading Regulations 2008—again, they are relatively recent—give the enforcement bodies more effective means of tackling unscrupulous practices and rogue traders. Indeed, they ban traders in all sectors from unfair commercial practices against consumers, particularly in relation to the sale and marketing of services. They set out broad rules, which enforcers can use to determine whether a practice is unfair. As I said about the other set of regulations from 2008, these regulations are still relatively new. Trading standards officers are beginning to use them and beginning to understand their use. The regulations are spreading best practice. These tools have come into the toolkit relatively recently, and they will help. They also ban any commercial practices that use harassment, coercion or undue influence that is likely significantly to impair the average consumer's freedom of choice in relation to goods or services.

If we take those various measures together, it is clear that the legislative framework is quite robust, but I would not claim that it is perfect, and we always need to think about how it could be improved. That is why the Government support a project being undertaken jointly by the Law Commission and the Scottish Law Commission to examine how private law might be reformed to provide consumers with a clear, simple right of redress when they are victims of misleading or aggressive selling. My hon. Friend may be aware of that because it comes from a Liberal Democrat consumer document called "Are you being served?", which he may have read before the election.

In addition to providing effective remedies for people who have suffered at the hands of rip-off builders, it is important that we put resources into preventing problems from occurring in the first place. At the end of last year, we announced £3.2 million of funding for scambuster teams so that they can continue the fight against rogue traders and builders who deliberately set out to defraud consumers. The fact that we have been able to continue this important work, despite the tough choices that we have had to make elsewhere, is a clear sign of how important we think this issue is. Rogue builders and others who prey on vulnerable and elderly people will not be tolerated, and scambuster teams will lead the fight against them. My hon. Friend valiantly champions the needs of elderly people in all areas of public policy, and I hope that he will talk to scambuster teams in his area to ensure that constituents who are occasionally preyed on by rogue builders are aware of the teams' work.

I appreciate that it can be difficult for consumers to judge whether a builder is genuine. For extra peace of mind, therefore, they can look for tradespeople who belong to approved traders schemes. This is where the TrustMark scheme, which has been mentioned, comes in. TrustMark is an easy way for consumers to identify a builder who has agreed to abide by industry standards of competence and fair trading and to be independently inspected to ensure that they are meeting those standards—the point my hon. Friend made about enforcement. Those in the industry who are approved by one of the operators of the TrustMark scheme are independently inspected, which can give people reassurance. This is a free service to the consumer. Last year, there were 3.5 million inquiries, with people checking out builders and other tradespeople. My hon. Friend is right that we need to raise awareness of the scheme, but the 3.5 million inquiries last year suggest that an awful lot of people are aware of it. That awareness is growing, and we need to continue to help it grow. In addition to the TrustMark scheme, many local authorities run assured trader schemes in their areas to help residents find trustworthy local builders. Again, I would encourage consumers to use those schemes wherever they exist.

The debate is timely because we need to ensure that colleagues across the House and others who are interested in this issue know that the Government take it seriously. As we look at general consumer legislation and do a lot of detailed work on it and the consumer landscape, we will be thinking about the difficult cases that have been mentioned. In the back of our minds, we will be thinking about how provisions will apply to cases in which constituents have been very badly done by. I give my hon. Friend my assurance as consumer affairs Minister that the Government will bear such cases in mind as we review the legislation—indeed, we are doing that very actively.

I reassure my hon. Friend that regulations are now in force—I admit that they are very recent—and that they will assist our work. I assure him that TrustMark is a very good scheme, and I would encourage hon. Members to promulgate it, and local authority trader schemes, when they talk to constituents.

I thank my hon. Friend once again for bringing this matter to the House. Although I have not been tempted by the compulsory licence scheme that he so eloquently proposed, I hope that I have reassured him that many other measures that are in place, or which we are considering, will have a good effect on the problems that he raised.

11.29 am

Sitting suspended.

Flood Risk Management

[JIM SHERIDAN *in the Chair*]

2.30 pm

Hugh Bayley (York Central) (Lab): There is a contradiction at the heart of the Government's policy on flood alleviation. In answer to a parliamentary question about flood risk, the Minister told me that

> "The latest UK climate science confirms that rising sea levels and more severe and frequent rain storms are likely to occur—resulting in increasing flood and coastal erosion risk."—[*Official Report*, 20 January 2011; Vol. 521, c. 922W.]

He said that the Environment Agency suggests that river flows may increase by 20% by later this century.

On the same day but in answer to another question, the Minister said that the flood risk management budget, paid by the Department for Environment, Food and Rural Affairs to the Environment Agency, would fall from £354 million this financial year—the Government inherited that figure from the former Labour Administration—to £259 million next year. That is a reduction of 27%. It does not make sense to reduce public investment in flood risk management when those risks, and the costs that flow from those risks, are increasing.

Capital funding in Yorkshire has been hit harder than in any other region. According to a letter from the deputy chairman of the Environment Agency to the Yorkshire regional flood defence committee, funding has fallen by more than 50% compared with last year. Why has my region suffered a larger cut in Government funding than all the others?

The consequences for Yorkshire have been blunt. Three schemes in the Environment Agency's programme were to have gone ahead in 2011-12. All three have been axed. The York scheme would have provided improved flood defences for the Water End and Leeman road areas of the city. There was a scheme for Thirsk. There was a large scheme to protect Leeds city centre, and York still needs flood defences to be provided in the Clementhorpe area, but that was not included in the original programme.

The Environment Agency tells me that those schemes have been deferred indefinitely, but I was pleased to hear the Minister saying in response to an urgent question in the House earlier today that the schemes have not been cancelled. Will he explain to my constituents the exact status of those schemes? If they have not been cancelled, I presume that it is envisaged that they will go ahead. Will he give us a time scale for when those schemes are to go ahead?

Fabian Hamilton (Leeds North East) (Lab): Does my hon. Friend not agree that there is considerable urgency for flood schemes in the city of York? I shall be talking about Leeds later, but when I lived in the city of York the Kings Arms was flooded almost to extinction almost every other year. Does he not agree that we badly need these schemes, especially those for York and Leeds?

Hugh Bayley: The River Ouse, which flows through the centre of York, drains water from about 3,000 sq km of the Pennines. When there is heavy rainfall, the river rises enormously. At the moment, York has severe floods; the river has risen by about 15 feet above its summer level. When that happens, the Kings Arms public house gets flooded. I am sorry to say that there is no defence in the world that will stop it being flooded several times a year. It almost trades on the novelty of being built in such a way that people can simply hose down the mess and get on with the drinking.

Hundreds of private homes in York—and hundreds of businesses in York; I shall say more about them later—suffer catastrophically when the river rises. In 2000, when the River Ouse rose to its highest recorded level in 400 years, some 350 homes were flooded, and hundreds more came within a whisker of devastation. I left my job as a junior Minister then and went back to York to join Silver Command, which managed the crisis. I remember clearly the November night when hundreds of local residents and 500 soldiers from the 2nd Signal Regiment were sandbagging the Leeman road and Water End area, putting sandbags on top of the existing flood defences to protect the homes behind. Those homes came within a centimetre of being inundated. About 380 homes most certainly would have been inundated, and perhaps another 120 were at risk. Indeed, the leader of York city council was evacuated from his home; he lived in the area at the time.

I shall quote from a statement prepared for this debate by York city council's chief engineer:

> "Water End is shown in the York Strategic Flood Risk Plan as being an area of Rapid Inundation and failure of the existing defences in times of a severe flood could result in a depth of water inside properties in excess of 1 m, in a very short period of time."

I remember preparing evacuation plans 10 years ago. Our fear was not that we would have seepage and slowly rising water levels in people's homes, but that the flood defences might collapse. The engineers believed that that was a real danger, so much so that we tipped thousands of tons of sand and gravel behind the built flood defences to strengthen them. If they had collapsed, we could have had a wall of water running through the centre of York, which would have caused absolute devastation.

The City of York council received advice from the Association of British Insurers about the cost of repairs if the Leeman road and Water End flood defences were overtopped. The calculations were based on 382 homes being inundated. ABI's advice was that the cost of repairing each of those homes would be between £20,000 and £40,000. The total cost of repairs for one flooding event would be £11.5 million, almost twice the cost of the flood defence scheme that the Environment Agency has deferred. The community largely consists of two-bedroom Victorian railway cottages. Many of them are privately rented, and others are owned by people on low to modest incomes—the priority group that the Government say should be helped by the new flood defence plans.

Ten years ago, 100 or so homes in the Clementhorpe area of York were inundated. It received a lot of attention because one of the streets involved is called River street. The papers all carried pictures of firemen evacuating people by boat. That area, too, needs protection. A temporary scheme has been provided by a private benefactor, but it does not work as the council would like, so it is not being used at the moment. Before this debate, I asked the Association of British Insurers and individual insurers, and I am grateful for their advice. For obvious reasons, insurers are always cautious about

[Hugh Bayley]

telling the public how much they pay out in claims. One told me that in York it has paid out £12.5 million in claims for flood damage—800 claims in all—over the past decade. The claims peaked in 2000 when it paid out in respect of 286 properties, and again in 2007 when it paid out in respect of 247 properties. The average claim per property flooded was £25,000.

When we debate the problems and risks of flooding, we often talk about home owners and households. It is quite right that individual people—our constituents—should be at the front of our minds, but we must not forget that businesses are very seriously affected, too. I see that my hon. Friend the Member for Workington (Tony Cunningham) is nodding his head. He has had a much more recent experience of flooding than, thankfully, we have had in York.

In response to the Government cuts in capital flood defence schemes, Gary Williamson, the chief executive of the Leeds, York and North Yorkshire chamber of commerce said:

"I find it extremely concerning that the Government would take such a gamble with York and North Yorkshire economies. The cost of flood damage can have a devastating effect on businesses and is something that small, independent businesses and retailers may struggle to recover from."

The impact of the floods in 2000 on businesses in York was catastrophic. Visits to main attractions, such as York Minster and the Jorvik Viking Centre, dropped by 94%, from 5,425 in November 1999 to 356 in November 2000. Once the flood had gone, the number of visits was down by 86%. Bed occupancy in hotels was down by a third. Retail business was down between 30% and 50%—it varied from shop to shop—in the busy pre-Christmas shopping period. The York Minster shop suffered a 72% fall in sales. Overall, as a result of the floods in 2000, there were 200,000 fewer visitors to the city, costing something in the region of £10 million, and that ignores all the other business and commerce in the city that suffered as a result of the flood and the subsequent severing of a railway line. The railway is an extremely important commercial highway, pipeline or communication link for York. When the line just south of York in Selby was severed by the flooding, it cost the city far, far more.

What will the Minister do to get the Leeman road and Water End scheme back on track, working with me, as MP for the city, and the local authority, the City of York council? Like all hon. Members, I understand that the country's macro-economic position is weak. In the last published quarterly figures, we learned that the economy had contracted by 0.5%. Economists are now asking what the Chancellor's plan B is should the country fall back into recession; in other words, two consecutive quarters of contraction of the national economy. Of course Labour has argued that the deficit must be brought under control, but the way in which the Chancellor is doing that is too fast and the cuts that he is implementing are too deep. In the run-up to the Budget, the Chancellor will obviously be considering his options. He may not announce it in the Budget, but it is perfectly obvious to all of us in this Chamber that the Treasury is considering a plan B. If the Chancellor were to respond to the worsening economic situation by relaxing the pace of public expenditure cuts, the most obvious place to provide an expansion—or perhaps a lesser contraction—of public expenditure would be in relation to capital schemes. We know that there is a current account deficit, but even when Governments are running a current account deficit, they continue to invest over the long term, and rightly so. When someone buys a house, they take out a mortgage for 25 years. When the Government invest in flood defences, they also need to borrow and pay back over a long period of time and pay back, because flood risk is a long-term risk and the flood defence will be there for 50 or 100 years and the capital scheme needs to be financed over that period.

Tony Cunningham (Workington) (Lab): Perhaps the best example that I can give my hon. Friend is Carlisle in Cumbria, which was flooded a number of years ago. In 2009, as a result of a £35 million investment in flood defences, Carlisle did not flood. As a Government, we spent £35 million to prevent flooding. If we had not spent that amount and Carlisle had been flooded, it is estimated that it would have cost between £70 million and £80 million to clean up and repair the damage. Surely that is a good example of how we need to spend in the short term to ensure that we are not stacking up long-term problems.

Hugh Bayley: My hon. Friend gives an extremely good example. The Environment Agency says that the cost-benefit ratio of its schemes in the pipeline are 8:1, which was confirmed by the Environment, Food and Rural Affairs Committee's recent excellent report on flood and water management legislation. That means that we get back much more than we pay. If we leave it to each individual to try to insure themselves—if they are able to insure themselves—the cost to them and the private insurance companies will be much greater than the cost of investing in flood protection. Moreover, if we were to relax the squeeze on publicly funded capital schemes, the jobs that would be created would be in the private sector, precisely where we need to create jobs to pull the economy back on track and to get the Government's fiscal position looking better than it does now.

I ask the Minister to talk this matter through with the Treasury in the run-up to the Budget. I do not expect any feedback in the purdah period before the Budget. None the less, I hope that his Department will make representations, so that if the Chancellor is talking about relaxing the squeeze on public expenditure, he looks at capital works, particularly the cost-effective investments in flood alleviation.

I will try to be brief because I know many Members want to speak. The City of York council and the Yorkshire regional flood defence committee are considering alternative sources of funding for the Leeman road and Water End scheme, including the possibility of funding from the European Union, which is available to support businesses. I have talked earlier about the enormous impact that flooding can have on commerce. Is the Minister prepared to work with the council and the Environment Agency to try to get support for such a scheme?

Consultation documents from the Minister's Department reveal that the Government are seeking to transfer part of the cost of providing flood defences from central Government budgets to local communities. I am not making a particular point about that, but I hope that the Minister will listen and focus on what I am saying.

He can describe it slightly differently if he wants. It would be a mistake to have a flood tax added to local authority taxation because the boundaries of local authorities do not match the boundaries of river catchment areas. If we are planning to deal with flood waters, we need to plan for the river catchment as a whole.

When York floods, we provide a service for places upstream, because we take the water away from them and prevent them from flooding. Equally, when Selby floods it does a service for the city of York, as it takes our water away and saves us from flooding. That is precisely what Selby is doing at the moment and hopefully it will not flood as a consequence. We are interdependent—that is how nature works—and the funding response needs to take account of how nature works and be based on river catchments rather than local authority areas.

One way in which we might do that is through giving responsibility, in part or in whole, to water and sewage management companies, which of course have been set up to follow river catchment areas. We talk about the "Severn Trent" region. Why is that a region? It is a region because anyone extracting water needs to follow the river courses. Equally, anyone dealing with flood water needs to follow the river courses.

It would be wholly unfair if people in York had to pay for draining water away from upland areas on the east side of the Pennines—the 300,000 square kilometres of land that York drains—or if Leeds city centre had to pay for draining water away from people living upstream in the Wharfe valley. Yet it would be fair for people living in those valley catchments to work out collectively how to deal with the water as a whole. That is what the Environment Agency says they need to do.

Neil Carmichael (Stroud) (Con): Will the hon. Gentleman give way?

Hugh Bayley: I will give way in just a moment.

I see excellent work that the Environment Agency has done upstream from York, creating small ponds on agricultural land, planting trees and building dams that can be closed at times when there is a lot of water, so that water can be stored. If we can slow the run-off, we can convert an 18-foot flood over 24 hours in York, which would be catastrophic, into a 15-foot flood over three days in York, which would be quite manageable. The Minister will have seen such schemes. They exist because we cannot expect small communities—working village by village, town by town, city by city—to protect themselves without a scheme being worked out for the catchment area as a whole.

I ask the Minister to consider an interesting proposal that has been put to me by Yorkshire Water that the company could perhaps buy flood defence infrastructure from the Environment Agency, which would give the Government a capital receipt. Yorkshire Water would be able to do so because it can go to equity markets, which a Government cannot do. Of course such a scheme would increase the cost of water, because the company would have to repay the cost of managing floods more effectively. However, it would mean that those increased charges were spread across the river catchment area as a whole—upstream and downstream communities—rather than on downstream communities exclusively.

Neil Carmichael: Will the hon. Gentleman give way?

Hugh Bayley: I said that I would give way to the hon. Gentleman. I will do so, then I will give way to the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) and then I will sit down.

Neil Carmichael: I just want to support what the hon. Gentleman has been saying about the need to think strategically. In my constituency of Stroud we have the Slad valley, which is a relatively small valley. However, if we had a co-operative Environment Agency, a less rigorous interpretation of the water directive and a general willingness to allow local people to do what they think should be done we would solve a huge number of problems for Stroud, which has nearly 5,000 houses in total that are vulnerable to flooding. My appeal is for more local flexibility, so that we can take action and implement flood alleviation measures.

Hugh Bayley: I am glad to receive support from the hon. Gentleman. However, I hope that he will join me in saying that these risks, which people in both our constituencies face, are present and real risks now and that we need Government funding now to address them. I say that because by the time that we work out a new system in five years' time, our constituencies might have flooded.

In fairness to everyone else who wants to speak, I will take an intervention from the right hon. Member for Berwick-upon-Tweed and then I will draw my remarks to a close.

Sir Alan Beith (Berwick-upon-Tweed) (LD): I just want to make the point that upstream flooding, which the hon. Gentleman describes as a form of alleviation in main urban centres, has a cost for the agricultural communities in the areas concerned. Even as far away as Northumberland, we were aware that in east Yorkshire there was considerable resistance to such schemes, but they are an essential part of flood management. Nevertheless, it requires a lot of co-operation and discussion with the farming community, to ensure that a proper balance of interests is recognised.

Hugh Bayley: That is obviously right and it is a very important contribution. We cannot get flood risk management for free, whether it involves building flood defences in York city centre or paying farmers to let their winter cropping fields flood at a time when they would otherwise be planting root vegetables or some other crop. However, it might be both cheaper and more environmentally sustainable to pay the farmers to grow more trees, create ponds and use other measures to retain some of the water long enough to protect downstream areas from inundation.

I could say much more about the consultation documents, about what the insurers are telling me or about the Environment, Food and Rural Affairs Committee report, but I will sit down now so that other Members can have their say.

2.55 pm

Dr Thérèse Coffey (Suffolk Coastal) (Con): Thank you, Mr Sheridan. It is a pleasure to serve under your chairmanship. I am somewhat nervous, because I have

[Dr Thérèse Coffey]

known the gentleman sitting to the left of you—the Clerk, Mr Hennessy—for 30 years and I have never spoken in front of him before. It is a new experience for me.

I congratulate the hon. Member for York Central (Hugh Bayley) on securing the debate. As Members may know, I will bore for Britain on the topic of coastal defences and, of course, river defences too. I mentioned the issue of flood defences in my maiden speech and in recent debates on shoreline management plans, and I will continue to do so because it is absolutely the No. 1 defining issue in my constituency of Suffolk Coastal.

I pay tribute to the Minister who is here today. He is actually very popular in our constituency, not only because he yet again confirmed the situation regarding Felixstowe's flood defences in the main Chamber earlier today but because he visited my constituency. When he did so, people liked the fact that he listened, reflected on the facts and actually did something about them. We have seen that in some of the thinking expressed in the consultation paper and also in his encouragement of officials at the Environment Agency and Natural England to do the right thing by working with local people and landowners, to get more for less out of the budget. Sadly, due to the economic legacy that we inherited, that budget is slightly reduced from what we would of course like it to be.

In fact, I will go further and say that the Minister has been so successful that the risk is that he will get promoted, but we desperately do not want that to happen because we need him to sort out the fish problem too. Having said that, I will move on to other issues.

I generally welcome the change in thinking on flood defences. For me, there is an incentive, as that change in thinking will help people and communities who help themselves. It is that partnership model that I recognise, but it is a model that still provides protection, within the funding formula, so that where there are wards of deprivation the formula acknowledges that deprivation and will work towards alleviating it.

That gives a fresh element of hope to my constituents who, under the shoreline management plans, were told, "You're on your own". Actually, this new model is a way forward. The Minister has already seen some of the schemes in my area that I want to commend to the House. For example, at Bawdsey there was a situation whereby the economic benefits under the calculations did not derive any financing in particular. What happened was that some local farmers came together and offered up land for development. The local council agreed to grant planning permission for houses to be built on that land. Together the council and the farmers put the money from that development into a trust, which has now paid for coastal defences to protect the area around Bawdsey for some time to come.

More recently, in Thorpeness local home owners came together—I must admit that not all of them did so; one or two decided not to put their hands in their pockets. However, the rest came together and said, "We want to protect our shoreline along here", and, the Environment Agency, working with Suffolk Coastal district council, came up with a scheme that will make a difference to people's lives.

There are ideas for future schemes. I am hesitant to speak about them, but one can see other opportunities whereby communities decide to have infrastructure development. I say that I am hesitant to speak about them, because I do not want my constituents to write in and say, "Thérèse Coffey demands turbine be placed in Felixstowe"; nor do I want my local paper to get the wrong end of the stick. However, there is an opportunity for communities around the country to come up with imaginative ideas for possible schemes.

For example, if we had a wind turbine in Felixstowe, that would work in a high wind when the port itself, down the road, is closed, because the cranes there cannot operate in high winds. That would contribute to the local economy, and the income could be ring-fenced and put into future sustainable defences, not only for Felixstowe itself but for areas, such as Felixstowe Ferry, at the mouth of the River Deben, that face particular difficulties at the moment. The Environment Agency is being very kind at the moment, but I recognise that that kindness cannot go on for ever with our future policy.

I am also interested to learn from the Minister how the pathfinder evaluations might fit into the consultation on the future of funding for flood defences and whether any element of that evaluation process will be incorporated in the consultation.

In Happisburgh, people are very excited because they have been offered some compensation for their houses that are about to fall into the sea. I mentioned that in the shoreline management plans debate, but unfortunately the Minister was in Brussels at the time, trying to do his best for us on fish. Although flooding is terribly disruptive to home owners in places such as York, the water normally goes away, and repairs are needed, but the risk with erosion is that it is terminal. Once someone's house has gone into the sea, it has gone; not only that, the owner is liable for its safe disposal. With a '60s or '70s house with lots of asbestos in it, the owner might be able to apply for a grant of up to £5,000, but that might not cover the costs. The Pitt review constantly referred to in the consultation is based on fluvial flooding rather than on coastal erosion, which has been an add-on.

One thing that is mentioned in the document is that with homes built since 2009 it is the developers who are supposed to take on the flood risk. That is a reasonable suggestion, and I hope that anyone who has bought a house in a flood-risk area since 2009 realises that. With good design, housing can be a lot more resilient to flooding.

Under OM1 in the consultation, I am slightly disappointed to note that the agricultural land value estimate has not been updated or upgraded since the 2007 comprehensive spending review, despite in the other part of the Department for Environment, Food and Rural Affairs there being thoughts on food security and about ensuring that we have that element. It would have been nice to see a slightly more generous value attributed to agricultural land.

Under OM5 to OM7, a lot of money is set aside per acre and per hectare for the recreation or preservation of habitats, to comply with the European habitats and water directives, and that, I am afraid, reinforces the view held by some that nature is more important than people. OM3 gives the figure of £3,050 rental income per year for properties at risk of coastal erosion. In my constituency, trying to rent a coastal property for £3,050 a

year simply would not happen—a beach hut, perhaps, would be about it. The figure is probably more generous than it has been previously, but I urge the Department to think again on that.

I have to hold my hand up: I have not yet gone through the document with a fine-toothed comb, but will be working on that to ensure that I get my consultation response in by 16 February. However, the document contains some very encouraging phrases that reinforce the principle of partnership and give an opportunity to constituents who are being told that there is no public funding available for them.

I shall finish on two issues, one of which is the cost of delivery. There is an element of red tape in councils, with planning permission, and there are the aspects of the costliness of permits and studies for Natural England, and the consents from the Environment Agency. I know that the Minister has already taken action, and is committed to removing as many blocks as possible to make it as easy and cheap as possible for land owners to protect their defences—all force to his elbow. The Environment Agency told me a couple of weeks ago that it would not prevent land owners in "no active intervention" areas under the shoreline management plans from defending their property. That came as a bit of a surprise yesterday to some of the people at the all-party coastal and marine parliamentary group, and it was thrown up—perhaps anecdotally; I do not have enough evidence—that the Environment Agency might say that but Natural England will stop us anyway.

Sir Alan Beith: There is a tendency for one agency to say that the other agency will not allow it to do something, but in my experience getting them all together in the same room—ideally on site—means that some of that starts to fall away. Fruitful co-operation between agencies is the way forward, instead of blaming someone else for not doing something.

Dr Coffey: My right hon. Friend is absolutely right. I am relaying some of the anecdotes about the frustrations of landowners, but I agree that getting people in the same room to talk things through leads to constructive solutions, once the initial hurdles have been surmounted.

On the funding process, one of my local Suffolk Coastal councillors, Andy Smith, who is a lead council member on coastal matters, has raised with me the annual allocation of funding process. Some schemes take more than a year, and things are unclear or uncertain. There could be a project that was agreed a couple of years previously but which constantly comes up for review regarding the annual allocation of cash. There is something not quite right with that process, and I hope that we can get it right.

Finally, I am encouraging internal drainage boards to participate in the consultation because they could be effective delivery partners for a lot of the work that we want to do. IDBs are not the only solution, but they are a good one. They combine local landowners and councillors, and have an element of democratic authority. The future is quite bright, and could be very bright for coastal and river defences, but I urge the Minister to ensure that the policies of the previous Government, of making 100-year decisions on the basis of three years' funding, are a thing of the past. There are many generations of families in Suffolk who have done their bit for their bit of land over the years, passing it on from generation to generation. Let us not kill off the chances of this generation for the sake of 100-year hindsight.

3.6 pm

Fabian Hamilton (Leeds North East) (Lab): I am very grateful to my hon. Friend the Member for York Central (Hugh Bayley) for initiating the debate this afternoon.

After the then Secretary of State for Environment, Food and Rural Affairs, my right hon. Friend the Member for Leeds Central (Hilary Benn), had made a statement to the House on flooding on 17 December 2008, I asked him a question about his proposed trial areas for surface water management in Leeds. My question was about an area in the Roundhay ward of my constituency called the Wellhouses—a series of residential streets through the middle of which runs Gledhow beck. I had been approached by local residents who were concerned that they had the responsibility for maintaining the banks of the beck, which frequently overflows during heavy rain, exacerbated by the excessive outflows of water from the balancing lake in Roundhay park. As always, my right hon. Friend was courteous and helpful in his reply, and promised to let me know whether Gledhow beck would come under his plans to transfer surface water management to local authorities such as Leeds—one of his trial areas—in 2011. The subsequent answer was that it would.

Surface water management might appear to many to be a rather dry and uninteresting issue until their homes are flooded by exceptional rainfall or overflowing balancing lakes. I took up the issue affecting the residents of the Wellhouses because I was shown first hand the appalling damage that could be done in an instant to the homes of people I am privileged to represent. Most people never give a moment's thought to the merest possibility of their homes being flooded, until it happens.

It is true that many parts of the hilly city of Leeds will never be in danger of flooding. Where I am fortunate to live—in Pudsey to the west of the city, between Leeds and Bradford—we are more than 650 feet above sea level and can be complacent. However, much of Leeds is built around the River Aire, and is therefore susceptible to flooding. On 15 June 2007, Leeds city centre came very close indeed to being overwhelmed by water, after days of appalling weather when a whole month's rainfall fell in 24 hours—Leeds was not unique in that, that summer. Many city centre roads were under water, and the city almost came to a juddering, squelchy halt. On 27 June 2007, the *Yorkshire Evening Post* reported that more than 6 cm of rain had fallen during the previous nine hours,

"causing millions of pounds worth of damage to flooded homes, schools and businesses. Dozens of trains were cancelled and roads were gridlocked as the city tried to cope with the torrential downpour, the heaviest on a single day for 50 years."

Suzanne McTaggart's report added:

"The latest stormy weather comes after heavy rain hit Leeds just over a week ago, when rivers threatened to burst their banks and roads became waterways. Many areas saw six weeks worth of rain in just 24 hours yesterday...making this the wettest June ever—and possibly the wettest month since Met Office records began in 1882."

On its excellent website, the Environment Agency says of its proposed Leeds River Aire flood alleviation scheme:

[Fabian Hamilton]

"Leeds has suffered from localised flooding in recent years which caused significant disruption to local residents, businesses and commuters. However, these floods were relatively small and there is always the risk of a much larger flood."

The Environment Agency's latest briefing on the Leeds scheme tells us that the agency is now working closely with Leeds city council to come up with an affordable scheme. It estimates that the current comprehensive scheme would cost about £190 million and would involve building raised defences on the River Aire, thus directly protecting 255 residential and 495 commercial properties and indirectly helping to avoid the flooding of 3,800 residential and commercial properties. The briefing suggests that if the city of Leeds were inundated by floodwater, the damage would total at least £480 million —several times the cost of the flood defences. DEFRA has asked the Environment Agency to continue working with Leeds city council to secure alternative sources of funding or to find ways to reduce the costs of the project, but initial indications from DEFRA, which I understand have now been confirmed, show that sufficient funding will not be available in 2011-12 to proceed to detailed design.

I intend no disrespect to my good friends who represent the great Yorkshire cities of Hull, Bradford and Sheffield, or, of course, to the wonderful people who live in those cities, when I say that Leeds is without doubt the engine of the whole Yorkshire regional economy. Like every other city in the UK, with the possible exception of London, Leeds has been badly hit by the economic downturn, but it still draws in tens of thousands of commuters every day, who come to work in the many businesses, legal practices and financial institutions that operate from Leeds city centre. Leeds is still the largest financial centre in England outside London—hon. Members can forget about Manchester. Imagine what would happen if the "relatively small" floods in 2007 became a much larger flood, as the Environment Agency fears they might, swamping the centre of Leeds, its wealth-generating businesses and its newly built apartments and homes.

Spending a relatively small amount now could, however, help to prevent catastrophe in the future. With climate change making rainfall in these islands ever more unpredictable, the River Aire will burst its banks sooner or later and drown our city. Not only will thousands of homes be affected, but millions, if not billions, of pounds of business activity will be halted, and thousands of hard-working citizens will have their jobs or their lives ruined—all for the want of the flood defences that could have been built, but which the Government cut because the deficit simply had to be repaid in four years, rather than five, six or even seven. *[Interruption.]* Sorry, does the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) want to intervene?

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I am not allowed.

Fabian Hamilton: In the summer of 2009, I was approached by the residents of Valley terrace, which is in an area of housing just off the Leeds outer ring road, in the Roundhay ward. They were upset that woodland between their homes and the noisy, busy dual-carriageway ring road was to be destroyed and built on by developers.

Geoffrey Clifton-Brown (The Cotswolds) (Con): I assume that the hon. Gentleman's city, like my constituency, suffered bad floods in 2007. If it did, he should surely attach some of the blame for the lack of action on building flood defences to the Labour Government, rather than blaming this Government, who have had only six months to do anything about this.

Fabian Hamilton: I strongly disagree with the hon. Gentleman.

Hugh Bayley: I have fought hard for 10 years for flood defences to be improved in York and I would accept—

Geoffrey Clifton-Brown: Why did the Labour Government not do anything about it?

Hugh Bayley: Will the hon. Gentleman listen for a minute? I accept that the Labour Government, who put in millions of pounds and improved many flood defences, protecting some areas of the city, did not finish the job. However, I should tell the hon. Gentleman, who I hope will have the opportunity to speak, that while Labour was in power, we increased Government funding to the Environment Agency for flood risk management from £249 million in 2000 to more than £500 million in 2008-09—in other words, we more than doubled it. We provided funding for more flood management and protection schemes than was the case before. Our concern is that this Government are reducing funding.

Jim Sheridan (in the Chair): Order. Interventions are getting a bit long.

Fabian Hamilton: I thank my hon. Friend for that timely intervention. I was going to respond simply by saying that we cannot design flood defences in two or three years; it takes a long time to make sure that we have the protection that is appropriate to the environment and needs of a particular area to ensure that the system will work. A great deal of research has to go into these issues, from not only the Environment Agency, but every other agency involved. That is why these things were not done instantly after the 2007 floods.

Let me return to the points I was trying to make about the little piece of land between the ring road and Valley terrace. Some may accuse my constituents there of being no more than nimbys—that stands for "not in my back yard"—who do not want any further development now that they have their homes in such a lovely area. However, I supported their bid to stop the planning application, which would have destroyed that small area of woodland, because the woodland soaks up rainwater coming down from the hills into the valley where the ring road is situated. I am increasingly concerned—I would be interested in the Minister's response—that planning authorities are allowing more homes to be built on woodland with no regard to the excessive surface water drainage problems that might occur as a result. I am delighted to say that planning permission was refused on this occasion—whether that was to do with my intervention, I simply cannot say.

That brings me back to the Wellhouses. June 2008 saw the publication of a not very entertaining, but very important DEFRA report, entitled "The West Garforth

Integrated Urban Drainage Pilot Study"—hon. Members should try saying that when they have had a few drinks. Among its many conclusions was:

"The report shows that, as soon as serious resources are made available for investigating flooding problems and inspecting the condition of culverted watercourses, then opportunities for relatively modest actions become apparent that can have a significant beneficial impact."

I am grateful to the Environment Agency, the leader of Leeds city council—Councillor Keith Wakefield—the Leeds, York and North Yorkshire chamber of commerce and my friend and constituent, Chris Say, for all their help in getting me the information, facts and figures on which I have based my contribution. This is an important issue for every resident of Leeds and has an impact on a much wider population. I therefore hope the Government are listening and will make our flood defences a priority at a time when money is in short supply—the futures of so many, and the economy of a whole region, depend on it.

3.17 pm

Mr George Mudie (Leeds East) (Lab): It would be unfair of those of us from Leeds to take up all the time, because flooding is such an important matter, which affects people directly and in such a traumatic way, and other hon. Members must have their opportunity. I will therefore be very quick.

I had the opportunity to raise a question about this issue with the Minister on the Floor of the House earlier this afternoon. I should say that I am not making a political point. I will certainly not get involved in any political nonsense about which Government spent more. We are where we are, and we can settle political differences and arguments elsewhere. We are talking about flooding, which, as we all know, affects people in a very personal way. I say that in my defence. What I would also say, however, in what I hope will be a brief speech is that one difficulty with flooding assistance is that it seems to relate, on a cost-benefit basis, to the number of households. That is where the Minister and I were at cross purposes earlier this afternoon.

To illustrate what my hon. Friend the Member for Leeds North East (Fabian Hamilton) was saying, let me use the words of the flood risk manager in Leeds, who puts the case better than I could:

"the Government should treat this scheme as a special case"—

which is fine; we would expect him to say that. He continued by saying that

"a major flood to Leeds could set the economic recovery of the north back many years and the cost of that would far exceed the cost of the works."

My hon. Friend the Member for Leeds North East mentioned the £500 million of damage that could be done. I do not know whether the Minister has been to Leeds, but the river runs through the business and retail centre—the river and the canal run below the main train station—and it is a compact city centre, which flooding would damage tremendously.

The Environment Agency brief—when I mentioned it previously, the Secretary of State was talking to the Minister and seemed to disagree—stated:

"The city centre escaped inundation by a matter of centimetres in 2000, and there were further near misses in 2004, 2007 and 2008."

I simply make the point to the Minister that the major economic centre and engine for growth for millions of people in west Yorkshire is the Leeds centre, and it has come disastrously near being put out of operation in a major way. The train station is built over the rivers. The 2000 flood threatened electricity supply in the city centre, which, in turn, threatened the major Leeds general infirmary. This is a question of a major catastrophe. The Minister will not think I am doing him any favours, but I do not want him to be on world or national television in his wellies standing looking at a flooded national city—the largest in the north. I do not want that to happen, for the sake of the city and its people and the surrounding towns and cities. That is how close we are, if the matter is judged on number of households and cost.

We are where we are. It is accepted that any Government would have to pull back the deficit, whatever the time scale. These are difficult times and priorities must be set. I understand the situation. I even offer something additional—without being patronising. I shall say this so that the Minister can use it against me—and the city—but I think that the scheme was designed in slightly better times. I question the £190 million scheme, especially given the number of schemes lining up throughout the city. In the Chamber, the Minister offered a meeting. I should welcome one, but its outcome would be to make it clear to the Environment Agency and the city, within agreed parameters, if possible, what type of scheme and expenditure are realistic in this day and age. We would say "Go away and if you can get something within those parameters we will look at the design work." We are not speaking about this year or next year. The design work would be started on a more modest, but realistic, scheme. That would help.

There is an additional way in which it would help. The Minister will appreciate the problems. Quite rightly the previous and present Governments have told the city to get private involvement. Businesses and houses are being saved, and there is development, so they have told it to put some funding in and it has found, it thinks, £20 million. That is a lot of money but when it is compared with a £190 million scheme one might say, "I think you'll have to do better," and that causes problems. What if we were all to meet in a room and say, "Let's get real with one another; let's get this scheme down"? The city centre must be protected and we cannot have a national economic asset knocked out—but the work should not be at any price. We should get a realistic price and a realistic public contribution, and all agree to do the work as quickly as possible.

As I am chairing a Committee upstairs at a quarter to 4, I shall have to leave the debate, and I give my apologies now—I am not leaving out of disrespect. However, I should hope that the Minister would see my remarks as helpful. They are heartfelt on behalf of the city of Leeds, and west Yorkshire.

3.24 pm

Ian Lavery (Wansbeck) (Lab): I, too, congratulate my hon. Friend the Member for York Central (Hugh Bayley) on securing a timely debate on the same day as today's announcement.

In my own patch in Wansbeck, following the most intense rainfall in living memory on 5 and 6 September 2008, a month's rain fell in 24 hours, which meant that the river Wansbeck burst its banks and the whole town of Morpeth was flooded. That was compounded by

[Ian Lavery]

other flooding problems including flooding from the Cotting burn, the Church burn and the Postern burn in Morpeth. There was extensive flooding throughout the town centre and nearly 1,000 properties, including many businesses on the main street, were directly affected, causing huge problems. Hundreds of residents had to be evacuated and emergency shelter was provided in the King Edward VI high school, at county hall and in the town hall in Morpeth. Iconic buildings such as the chantry and St George's church suffered considerable damage, as did landmark shops. The emergency ambulance station, the doctors' surgery, the health centre at Gas House lane, the Riverside leisure centre and the town's main library were also inundated and had to close for a considerable period.

Firefighters, ambulance crews, the RAF, the Royal National Lifeboat Institution and the British Red Cross were among the emergency services involved in the rescue and recovery operations over the whole weekend. A collection of voluntary groups and the town's churches came together to help hundreds of flood victims and the campaign was spearheaded by the Morpeth Lions club. Families were out of their homes for more than a year and businesses were closed for months, and still people from within the floodplain are not back in their properties.

Prior to the devastating flood, there was a huge flood in Morpeth in 1963, which was before I was born—people might question that. In an attempt to protect the community from further devastation in the future, I am working closely with the Morpeth flood action group, officers of Northumberland county council and the Environment Agency to try to progress the proposals for the Morpeth flood alleviation scheme. The proposed scheme for Morpeth is designed to reduce the risk of flooding from the River Wansbeck and the main burns in the town. It involves the storage of water upstream of Morpeth on the Mitford estate, the building of new defences in the town where none currently exist, and the replacement and refurbishment of some existing defences.

It is imperative that the flood alleviation scheme should be delivered to protect communities and businesses in the town of Morpeth. Local people need the reassurance that their homes are safe from the ravages of the extreme weather conditions and they deserve the peace of mind that those assurances will bring. Shops and businesses need to be assured that they will not suffer a reoccurrence of the devastation of 6 September 2008 and that they can have a secure future in Morpeth where they can build their businesses for the benefit of their employees, local communities and the local economy.

Sir Alan Beith: The hon. Gentleman presents his case eloquently. Many of the businesses he mentions are either owned by my constituents or employ them. A large area of my constituency will face the upstream flooding that is part of the alleviation scheme, but I think we all want to work together to ensure that Morpeth and Rothbury do not have to go through such an experience again.

Ian Lavery: I agree with that and understand the right hon. Gentleman's remarks, bearing in mind that his constituency is next to mine. I understand the associated problems, particularly upstream, as compared with those in the town centre of Morpeth.

In addition to the trauma and devastating personal and physical effects of the floods, local residents and visitors must now come to terms with problems obtaining buildings and contents insurance, which has been mentioned. It is a huge problem for people living on floodplains. The current agreement with insurance companies will continue until 2013, and who knows what will happen after that? It must be considered as a matter of extreme urgency. Many people living in Morpeth face huge rises in premiums and excesses. One gentleman living in the Morpeth floodplain was asked, after going to court, to pay £300 a month in insurance, and the excess was £20,000. That is not insurance. It is a massive problem. Individuals, families and businesses who have experienced the horror and trauma of flooding have had their lives turned upside down, and they should not have to face additional problems that cause them further distress and upset as well as imposing a huge financial burden on them. Those issues must be tackled as a matter of urgency.

I have not got much more to say, but I pay tribute to the men and women of the emergency services who, on all occasions up and down the country, have been absolutely fantastic when such things occur. They put their lives at risk to ensure that everyone else is safe.

To move on slightly from local issues, recommendation 39 of the Pitt review, which both the Conservatives and Liberal Democrats supported before the election, stated:

"The Government should urgently put in place a fully funded national capability for flood rescue, with Fire and Rescue Authorities playing a leading role, underpinned as necessary by a statutory duty".

The coalition agreement committed to

"take forward the findings of the Pitt Review to improve our flood defences, and prevent unnecessary building in areas of high flood risk."

Both the Liberal Democrats and the Conservatives supported a statutory duty, and it is in the coalition agreement.

Heather Wheeler (South Derbyshire) (Con): Will the hon. Gentleman pay tribute to the flood wardens of south Derbyshire, who have taken duties on themselves as part of the big society? While waiting for other things to get better, we are looking after ourselves. We get out there on horses and take out flood signs. We know that those in the community are looking after themselves. We have professionals to look after us, but it is important for our villages and communities to do their best for themselves too.

Ian Lavery: Of course I pay tribute to those people. I am not sure whether flood defences and removing water from our towns, villages and city centres should be left to the whim of some big society, as I am not too sure what that actually means, but I certainly pay tribute to anybody who volunteers to secure their community against flooding problems. I am not sure whether people in my area would have access to horses. Maybe the hon. Lady can tell me after this debate exactly how it happened. It is interesting.

Now that the Minister is in office, does he still agree with recommendation 39 on a statutory duty involving the emergency services? If so, as it is in the coalition agreement, might that take place in the not-too-distant future?

The decision today not to make funding for the Morpeth flood alleviation scheme readily available in the next 12 months is disappointing to me, the people concerned who are heavily involved in the community, the local council and many others. As the Member of Parliament for Wansbeck, I will be working tirelessly with those organisations and interested parties to ensure that the scheme is progressed in its entirety. It is important not to consider flood alleviation schemes on a piecemeal basis, because that is not effective economically or in terms of flood prevention. I ask the Minister for the third time this week—I hope that he will bear with me; I have had two assurances from him already, and I am sure he does not mind giving me a third one—to assure me that everything will be done to ensure that the Morpeth flood alleviation scheme will be completed in the near future without delay, as quickly as possible and in its entirety.

Jim Sheridan (in the Chair): It is my intention to call the Front-Bench spokesmen no later than 3.40. There are two Members wishing to speak, so they should be brief.

3.35 pm

Geoffrey Clifton-Brown (The Cotswolds) (Con): I am grateful to have caught your eye, Mr Sheridan. I will speak for two minutes only, in the hope that the hon. Member for Workington (Tony Cunningham) will also be able to speak. I do not want political differences about who did what. Other than a fire, nothing worse can happen to a home than to be flooded with a mixture of water and sewage, as I saw when walking around the streets of Fairford after the 2007 floods.

I will make one or two brief remarks. In the 2007 floods, 250 buildings in the Cotswolds were flooded, including a school on which £1 million had to be spent, doctors' surgeries and so on. I am a little concerned about a letter that I received from the Environment Agency. I pay tribute to its author, Barry Russell. In my 18 years as a Member of Parliament, I do not think that I have found such a helpful civil servant anywhere else in the country. He has been to public meeting after public meeting with me to explain what the Environment Agency can and cannot do. I do not blame him at all for what I am about to quote from his letter, but I would like the Minister's observation on it.

Barry Russell says:

"In previous years, the local authority projects received funding from a ring-fenced pot of money. This is not the case for next year (2011-12), and all projects are competing on a like for like basis—both local authority projects as well as our own. Ultimately the allocations were based on the OM score, and funding was allocated to projects with a higher score than those submitted by the Cotswold District Council. I share your disappointment in not receiving the funding that you were anticipating for this scheme."

It is easy to come up with statistics to show, in order of priority, which projects will give the best value for money and save the most houses. The problem in a highly rural constituency such as the Cotswolds, which has 110 villages, lots of which have flooding problems, is that it will never meet those criteria. Most of my constituency—with the exception of Cirencester, which flooded in 2000, 2007 and 2008—will never get any funding under the system. I accept that my hon. Friend the Minister has a limited pot of funding, but I ask him to look at the system of allocation.

3.38 pm

Tony Cunningham (Workington) (Lab): I will be brief, as I know that I have only a couple of minutes.

The emphasis in this debate has been, rightly, on flood defence. I ask the Minister to ensure that the Environment Agency budget has sufficient funds to deal with two other issues. One is maintenance. One contributory factor to the floods in west Cumbria in November 2009 was the lack of dredging and maintenance of becks, streams and rivers. We must ensure that there is sufficient funding for that.

The other issue is flood resilience measures. It is all right having flood defences and doing maintenance, but individual houses and businesses need protection, and we must ensure that funds for flood resilience measures are sufficient.

3.39 pm

Mr Jamie Reed (Copeland) (Lab): I thank my hon. Friend the Member for York Central (Hugh Bayley) for securing this debate. He has demonstrated yet again his considerable knowledge of the issues, and I think that Members of all parties are grateful to him for securing this debate so that we can air them. I commend the Environment Agency workers who have been working around the clock, as they always do, in the north-west of England over the past few weeks, where rainfall has been high, heightening flood risks considerably.

Communities at risk of flooding require certainty from Government, and that is what I think has been at the core of everyone's argument today. As I have said, we seek to work with the Government where we can and when we agree that they are doing the right thing. Issues such as flooding and flood defences should be above the typical, tribal knockabout of this House and of British politics in general, but we will hold the Government to account when we believe that they are not doing the right thing or acting in the public interest, and when we believe that their actions are likely to hurt those most in need.

We are all agreed that flooding is a life-changing issue. It is also a complex one and its policy solutions, or the solutions that we as politicians can provide towards the problem, are not simple. Sadly, flood defence in this country, as well as the Department for Environment, Food and Rural Affairs the bodies that rely upon it, and the people whom those organisations serve, are now beginning to pay the price for what many people and independent commentators believe is the Secretary of State's fevered desire to be the first Secretary of State in the new Government to give the Chancellor what he wants—big, indiscriminate cuts, with little regard for how they could be accommodated, or for the effect that they will have on the Department's core areas of work. We cannot escape that fact.

In many ways, the debacle over forestry privatisation has illustrated what we already knew about the Government—they are riven with contradictions and lack a clear focus on issues of real concern to people in too many areas throughout the country. There is no argument about the fact that there will be a 27% cut in flood defence spending this year—it has been confirmed by the Environment Agency. I have the greatest respect for the Minister—we have a good working relationship on the whole—but he has himself confirmed to the

[Mr Jamie Reed]

Environment, Food and Rural Affairs Committee that cuts are taking place. The Prime Minister, however, is apparently unaware of that, or simply disinterested in the detail of the policies that his Government are prosecuting.

The Prime Minister has told the House that it is "simply not the case" that there will be a reduction in spending on flood defences, and that the comprehensive spending review settlement is "roughly the same" as in previous years but, in fact, it is not. Cutting is not the way to deliver the savings that the country needs; it is, in fact, a false economy. I trust that the Minister will encourage the Prime Minister to correct the record.

As I have said, communities that are at risk of flooding—we are talking about 5.2 million homes, as well as business properties—require certainty from Government, not a changing of the goal posts or an abandonment or reneging on agreements. The communities of York, Thirsk, Morpeth and elsewhere feel that sense of abandonment right now as their flood defence schemes fall by the wayside. It is a fact that the Government have announced a 27% cut in capital investment for flood defence spending for 2011-12, which means that many communities will face genuine uncertainty about their futures as projects are delayed or shelved. The cuts will leave many homes and businesses at a heightened risk of flooding.

The Minister said in the main Chamber today that those are deferrals, not cancellations, but they will feel like cancellations. The statement of principles is likely to expire before any investments are made, so those areas that are today missing out on flood defence investments face the prospect of being thrown at the mercy of a bear market when trying to find future insurance. Will the Minister confirm that he will not allow the insurance premiums or excess payments of anyone in any area to go through the roof as a result of his Government's cancellations or delays? Does he agree that those areas that had expected investments, and that were told that investments would be forthcoming before the expiry of the statement of principles in 2013 have now been prejudiced? If that is not the case, how is it not the case? How much public money has been spent designing, characterising and consulting upon the schemes that will not now go ahead?

We know that York is the tip of the iceberg, that many more cancellations are in the pipeline, and that the Government's spending cuts will determine which schemes go ahead and which do not. Today is the day that the Government can finally choose to be honest with those home owners, communities and business owners who live in areas at risk of flooding, and tell all of us which schemes will be cancelled and which will go ahead, and not just for the next financial year—there is no security in that at all. I urge the Minister and all his colleagues in DEFRA not to hide behind the Environment Agency—today's announcement was by DEFRA, not the Environment Agency.

Even after today's announcement, there are many unanswered questions, an awful lot of drift and there remains a significant lack of transparency. One of the principal concerns is the expiry of the statement of principles in 2013. The statement is the agreement between Government and the insurance industry that currently underpins household insurance provision. So far, we have heard nothing that will reassure home owners or business property owners that the Government are working in an effective way with the insurance industry to resolve the real threat of some homes and businesses becoming uninsurable and unmortgageable following the expiry of the statement of principles.

Some insurance experts have warned that when the statement of principles comes to an end, it will be devastating for consumers. Others have warned that it will be bad for consumers but a great opportunity for brokers. Does the Minister agree with that? Simon Douglas of the AA's insurance division told the Secretary of State in a letter:

"Millions of people are at risk of inundation from overflowing rivers, coasts and estuaries during extremes of weather and that risk is increasing all the time. If spending isn't maintained, it will compromise the statement of principles, which could see many homes become uninsurable."

David Williams of AXA went even further by saying:

"We are committed to the Statement of Principles, subject to spending. Now that spending has been reduced, you could say all bets are off. The Government is in breach of its side of the bargain, so if insurers wanted to stop providing cover, they would probably be able to. The problem is nobody wants to be the first and end up getting harangued in the press."

I think that all Members on both sides of the House would agree that the expiration of the statement of principles is a ticking time bomb, not just for individuals, home owners or business people, but for whole communities. It is hugely economically and socially significant.

What assessment have the Government undertaken on the impact of their budget cuts on the universal coverage of insurance provision for homes at risk of flooding? Will the Minister publish that assessment? The ongoing negotiations between the insurance industry and Government are of profound importance, so will he tell us, categorically, whether he is committed to the principle of universal insurance cover? If so, will he be transparent about his negotiations with the insurance industry and publish an update on them in the House of Commons Library? Finally on this issue, does he agree that the expiry of the statement of principles, without any meaningful system to replace it, will be a disaster for consumers, and will he seek a system of universal insurance cover for whatever follows the current one beyond 2013?

There are other critical questions for the Minister to answer. In 2010-11, the previous Labour Government allocated £35 million for Pitt and for adaptation budgets. That was outlined in the CSR for 2007-08 to 2010-11. Recently, the Minister announced that £21 million will be provided in 2011-12 to lead local flood authorities. Will he confirm that that is different money from that announced by the previous Government? Is it new money?

The Minister will be aware that local authorities were awarded £100 million for flood funding in 2010-11 through the Communities and Local Government formula grant. What contact has he had with his counterpart in CLG about the level of funding available to local authorities next year for flooding and related investment? The concern throughout the House is that local authorities have been given new responsibilities but no new money, and that local flood defence schemes in many areas face a double cut.

Local authorities are, of course, key to our national efforts to improve flood resilience. The 2009 DEFRA annual report states:

"Over the next 2 years we aim to offer an improved standard of protection against flooding or coastal erosion risk for 145,000 more homes".

According to a written answer form the Minister on 27 July 2010, we are actually due to exceed that figure and reach "at least 160,000 households", which is a glowing endorsement of the investment that we made, and I welcome his recognition of it. The Secretary of State said of the next CSR period:

"We intend that, by March 2015, 145,000 households will be better protected"—[*Official Report*, 19 November 2010; Vol. 518, c. 57WS.]

Will the Minister therefore confirm that the Government plan to do less over four years than we achieved in just two—yes or no?

The Minister said in today's announcement that 112,000 homes would be protected. Will he confirm that that 112,000 is part of the 145,000 target previously mentioned? If so, what will become of the schemes for the remaining 33,000? The Minister also mentioned the role of specialist providers in relation to the provision of insurance cover. I think that many would say that that hinted towards an end to universal coverage, but I hope that he will refute that. What does he expect specialist providers to do, and how will they keep their excess and insurance premium costs comparable with today's rates?

My hon. Friend the Member for Wansbeck (Ian Lavery) talked about the cancellation of the Morpeth scheme, which has been halted because budget cuts have changed the outcome measures via which the EA has to assess projects. Will the Minister admit that that is the reason for the scheme's delay and give the people of that town the clarity they deserve?

This is an essential point. The Minister talked briefly about value for money. Of course, anyone in his position is tasked with spending public money properly and I support him in doing that, but what is his definition of value for money in relation to public spending to protect homes? Will he acknowledge that there is a real fear that his Department's budget cuts and his changing definitions of value for money mean that particularly sparsely populated areas at heightened flood risk, such as the one I represent and those that many hon. Members here represent, are on their own and that the Government have abandoned them? Will he give a guarantee that his budgets cuts will not prejudice flood defence schemes in the more rural, disparate towns and villages that are outside the larger urban conurbations? Such a move would be a scandal and I condemn it.

Finally, will the Minister lay a copy of the full Environment Agency funding allocation in the Library, so that hon. Members from all parties can examine the detail and inform their constituents about the current state of affairs? I am proud of my Government's record in office in relation to flood defence spending: £2.36 billion over the past four years, 160,000 homes protected and the introduction of the Flood and Water Management Act 2010. I am grateful to the hon. Member for York Central for introducing the debate. We need to debate these issues urgently in Government time on the Floor of the House. I hope that the Minister will be able to give us that assurance today.

3.51 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): The hon. Member for Copeland (Mr Reed), who is excellent in so many ways, has a habit of asking me a plethora of questions and not leaving me enough time to even begin to answer them, but I will see what I can do.

As announced in the Chamber earlier today, the Government have announced £521 million to be invested in flood and coastal defences over the next year. Some 112,000 homes in England will benefit once the work has been completed. That money will help to fund 109 schemes that are already under construction, and work will begin on 39 new flood and coastal defence projects. Of those projects, 18 will provide vital repairs and safety enhancements to existing defences, and the remaining 21 will provide additional protection to 13,000 households at risk of flooding. I am sure that the hon. Gentleman will be pleased that some of that investment is taking place in his constituency.

I pay great tribute to the hon. Member for York Central (Hugh Bayley) for securing the debate and for his undoubted passion in standing up for his constituents on this important issue. One question he asked me is why his region is apparently missing out so much on the allocation of schemes this year. Yorkshire has received a smaller settlement in 2011-12 than in previous years—before he includes that quote in a press release, I ask him to listen on—but that is because a large number of flood defence projects have recently been completed in the region. Hundreds of households in Yorkshire are already enjoying better protection against floods and coastal erosion as a result of projects that have been completed—I concede—over a number of years.

That is an important point because we have to take a long-term view of the spending on flood defences. Very few schemes—almost none at all—go from conception to commissioning in one year. Some of them, particularly the one we have been talking about in Leeds, are very large schemes and run over a number of years. For example, a £2 million scheme in north Doncaster was completed in 2009, which reduces flood risk to 3,000 properties. A £10 million refurbishment of the Hull tidal surge barrier was completed in 2010, and reduces flood risk to 17,000 properties. There are many more schemes.

May I address the specific points that the hon. Gentleman and others have raised in this important debate? He asked what I would do to get the Leeman road scheme back on track. I assure him that the Environment Agency and I will work with him at every stage to make sure that we can get some movement on that scheme, but I cannot guarantee where it will sit in any future year because of the variety of other schemes that will come forward. I can assure him that, if our payment for outcomes scheme becomes the modus operandi of taking forward such initiatives in future years, there will be much more clarity for constituents about where they stand on the issue.

The hon. Gentleman raised a rather more macro issue about the current economic climate, and how this issue sits within it. He is right: the deficit issue is a current account matter. Our national debt is about everything; it is not just current or capital account. There are siren voices that say that we must invest more

[Richard Benyon]

in infrastructure. We are investing in a variety of infrastructure—not just flooding schemes, but a variety of different ones. It is a question of having a balanced approach.

The hon. Gentleman talked about whether we can assist his flood defence committee in Yorkshire in obtaining European money. I assure him that he will have the full co-operation of my Department, the Environment Agency and other colleagues across Government in trying to secure any sort of funding that we can lever out of any organisation. I very much include the European Union in that. He rightly talked about the need for slow-water schemes and to think up-stream. I have been discussing the value of that with the hon. Member for Wansbeck (Ian Lavery). We recognise that the beneficiaries in one community sometimes pay for flood defences in another area, which may well affect the viability of farming businesses and the like. We have to take a large regional approach to the matter, which is why our new payment for outcomes scheme takes a much broader view. The scheme recognises where beneficiaries are and what can be done to alleviate the problems in affected communities.

I was also asked how we are protecting businesses. The economic benefits from protecting businesses from flooding are taken into account in the prioritisation schemes included in the payment for outcomes system. That has been the situation in the past and it will continue to be so. We are working with the City of York council and the Environment Agency to consider opportunities for external funding. It is crucial that there is greater local involvement at the heart of reforming the funding for flooding and coastal erosion risk management.

My hon. Friend the Member for Suffolk Coastal (Dr Coffey) made an excellent speech and raised some important issues. I was so impressed by the level of innovation from her area. From my visit to her constituency, I remember sitting in the minibus with representatives from the Environment Agency, Natural England, the local authority, local landowners and the local community. We drove along and ensured that none of them could get out, so that we could hack out some of the problems facing landowners who just want to make a small improvement and come up against two different agencies plus the local authority. The complications of the process are, I hope, being ironed out. That was an extremely useful session. My hon. Friend is absolutely right: we need to take a longer-term view, and internal drainage boards are absolutely crucial to many of these schemes.

There was an intervention from my hon. Friend the Member for Stroud—

Geoffrey Clifton-Brown: For The Cotswolds.

Richard Benyon: For Stroud actually. He was talking about the scheme concerning small changes that can be made. We must have that level of flexibility.

The hon. Member for Leeds North East (Fabian Hamilton) spoke with passion about the Leeds scheme and the cost of flooding to his community. I absolutely understand that and the commercial driver that his community—that great city—is to that region. If we follow that logical argument and consider the 5.2 million homes that are at risk from flooding, for every single one of those homes that can get protection from flooding, there will be a financial return. We have to make sure that the financial return is as high as possible. That is why work can be done on that scheme in particular. As the equally sensible contribution from his colleague the hon. Member for Leeds East (Mr Mudie) made clear, we might risk having a Rolls-Royce when a reasonably priced family car might have served some of the purpose. I cannot go into more detail about the matter now, but I will continue to look at it very closely to ensure that we get a result.

I shall quickly mention the point about the woodlands that were being built over. I cannot remember who raised the matter, but we need to understand the impact of the issue. That is why I have been totally opposed to so much of the infill development that we have seen, with building in back gardens and green spaces. The Government have a very clear policy on that which we want to take forward.

I would love to address many of the other valid points raised by, not least, the hon. Members for Copeland, for Wansbeck and others, but I see that the clock is against me. I do not want to repeat the increasingly sterile debate about where we are and whether we are comparing apples with apples or apples with pears. In the case of the hon. Member for Copeland, I suggest it is the latter.

Citizens Advice Bureaux (Birmingham)

4 pm

Jack Dromey (Birmingham, Erdington) (Lab): Thank you, Mr Sheridan, it is a pleasure to serve under your chairmanship.

This is a debate of immense importance for the people of Birmingham. The Birmingham citizens advice bureau is the oldest and largest in the country, dating back to 1939. Progressively, the Birmingham CAB opened five offices in Birmingham to meet great and growing demand. Last year, the Birmingham CAB provided advice and support to 56,000 people. For those who find it hard to access mainstream services, it also provides a comprehensive web of outreach services in, for example, GP practices, children's centres, hospitals, dementia advice projects and Macmillan Cancer Support.

The Birmingham CAB employs 100 full-time staff, who work with a dedicated army of 166 volunteers, including the excellent Paul Ballantyne who is here today and who is the chair of the trustees, and the excellent John Orchard, a volunteer for the CAB. Both have both devoted many years' work to the CAB in support of the most vulnerable people in Birmingham. And vulnerable they certainly are; in Kingstanding, in my constituency, we have a CAB in one of the poorest and most deprived wards in Britain—much cherished by the people who live in the ward.

Birmingham has been hard hit. The west midlands has the highest unemployment anywhere in Britain. Just when the people of Birmingham need somewhere to go for support and advice, the generalist advice services of all five citizens advice bureaux will close. Why? On the one hand, it is a combination of the callous cuts being made by the Government to local government services in Birmingham, where £170 million will come out of the budget next year alone; and on the other hand, the cruel incompetence of the council.

Steve McCabe (Birmingham, Selly Oak) (Lab): I do not know if my hon. Friend saw the Prime Minister's very helpful comment in *The Sunday Telegraph*, when he said that councils should look to reduce their chief executives' salaries before they cut citizens advice bureaux. Given that the chief executive of Birmingham is one of the highest-paid in the country, should he and some of his senior officers not take a cut before the CAB?

Jack Dromey: My hon. Friend makes a powerful point. The last thing that should be cut is advice to the people of Britain from citizens advice bureaux. If there are to be reductions, they should start at the top in Birmingham city council.

The CAB had been planning for some council cuts for some time, going back to March 2010, but suddenly, out of the blue, the bureaux were told in December just before Christmas that they would lose all their funding from March 2011. The CAB then made repeated approaches to the council to try to find a way forward. What have they been told? "Sorry, you will have to close by March, but you can reapply for a fresh funding stream in August this year." That means that the CAB's generalist advice services will close down for five months, with no certainty whatever that there will be support afterwards.

John Hemming (Birmingham, Yardley) (LD): Does the hon. Gentleman not accept that the city council is in fact offering interim funding to maintain the service, and that the CAB had not actually made proposals for any savings whatever?

Jack Dromey *rose—*

Richard Burden (Birmingham, Northfield) (Lab): This is an intervention on my hon. Friend, but before I start it I think the answer to the question asked by the hon. Member for Birmingham, Yardley is no.

Would my hon. Friend comment on the fact that in the other place, Baroness Wilcox said:

"Central Government has not been notified of the closure of any citizens advice bureaux since the spending review settlement 2010. The Government are aware that local authorities that fund citizens advice bureaux are facing tough decisions but do not expect them when making those decisions to pass on disproportionate cuts to other service providers, especially in the voluntary sector."—[*Official Report, House of Lords*, 26 January 2011; Vol. 724, c. WA166.]

Would my hon. Friend join me in inviting the Minister, when he responds, to tell us what it means, other than just words, if the Government let happen what looks like happening in Birmingham?

Jack Dromey: My hon. Friend is absolutely right. It is proof positive, once again, that the Government are simply out of contact with the consequences of their actions. What is happening in Birmingham is clear beyond any doubt. The question that we will be asking today is what Ministers intend to do about it.

On the point about the council, the hon. Member for Birmingham, Yardley asked whether the CAB had explored alternatives. It has explored alternatives repeatedly. I have seen the correspondence going backwards and forwards. The CAB has tried to find a way forward, but what has it been met with? Among other things, abuse from the cabinet member concerned, Councillor Ayoub Khan. Just when the CAB was looking for a co-operative approach to try to find a way forward, including making economies consistent with protecting the service to the community, it ran up against a brick wall.

John Hemming: Earlier, the hon. Gentleman claimed that there was no proposal for any funding from April onwards. In fact, there is a proposal to make interim funding available. That, to be fair, is something that I have discussed with the CAB.

Jack Dromey: There will be a crucial meeting on Monday next week. As things stand, the CAB will have no alternative but to close down its generalist advice services—no alternative. If, as a consequence of today, the Government say, standing by previous statements, that they mean what they say and that CAB should not close, and if the council sees sense, not only will the CAB celebrate, so too will the people of Birmingham.

If there is no change, let us bring home what the consequences will be for the people of Birmingham. All Members who represent Birmingham can give examples—the kinds of problems that my hon. Friend the Member for Coventry South (Mr Cunningham) sees as well—but I shall give the House three. First, a quote:

"I didn't know what sort of help to get regarding family difficulty with breach of custody agreement. I was terrified that I may lose my son to a hostel and wouldn't know who to go to about my rights as a father if it wasn't for the CAB."

[Jack Dromey]

That difficult family problem was successfully resolved.

Secondly, a client of the CAB, disabled and living alone in an empty flat on a low income with no furniture, had no idea about the support available—social tariffs for utilities, community care grant or budgeting loans for furniture. Thanks to the CAB, that disabled woman now lives in comfort and is properly supported. Thirdly, there is the case of a client with cancer, who without the help of the CAB would not have been able to challenge successfully a decision not to award her benefits.

The consequences for people like them, and for the people of Birmingham more generally, will be severe indeed. Where will they turn at their time of need, and just at a time when demand is increasing?

Jim Shannon (Strangford) (DUP): The issue for a great many of us as elected representatives and as MPs is that we recognise the good work that CAB do, but we also recognise that with the changes the coalition Government are putting forward on benefits, demand for CAB services will increase and concerns will increase. Homelessness, loss of benefits and loss of income will be critical issues over the next four to five years.

Jack Dromey: The hon. Gentleman makes a very powerful point indeed. I suspect that all Members of Parliament, let alone advice agencies, are seeing the same trend of growing demand for support from us: advice on housing, advice on homelessness, advice on benefits and advice on debt. A whole range of issues is coming to us because there is growing demand when the economy is in difficulties and at the same time the Government are cutting back vital services to the people of Britain and Northern Ireland.

Yvonne Fovargue (Makerfield) (Lab): Does my hon. Friend agree that CAB and other advice agencies are facing a double whammy because of the cuts? The closure of the financial inclusion fund will leave 100,000 people who were served last year with nowhere to turn in the future, and more than 500 skilled and trained advice workers are currently serving their notice.

Jack Dromey: My hon. Friend is absolutely right. She brings to this debate the wisdom and experience of her many years in the CAB. Her contribution is welcome, and she is right to bring home once again the consequences of what the Government are doing.

On the folly of the cuts, interesting independent academic research has demonstrated that every £1 invested in advice yields a return of up to £10 because early intervention produces the best results. What will happen—it is as simple as this—is that the CAB and other advice services will be run down and closed, and there will be greater risk of debt, homelessness, poverty, mental health problems and relationship breakdown simply because tried and tested services upon which people depend at a time of need have gone.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Does my hon. Friend, as a fellow Birmingham MP, share my experience? The two agencies that I rely on most heavily when constituents come to my advice surgeries are the CAB and the Immigration Advisory Service. The CAB is a source of reliable, independent advice, and there is no alternative. If we lose it, our people will lose.

Jack Dromey: My hon. Friend speaks from her great experience in Birmingham, Edgbaston. She is absolutely right: these services, including the one for immigration, are vital. The question then arises—Ministers will have to answer it—of where people will go if the fabric of our advice services is torn apart. As I shall say in a moment, it is not just the CAB; a total of 13 services will close in Birmingham.

John Hemming: I agree with the hon. Gentleman that the CAB is a vital service, but does he agree that it should not take an all-or-nothing approach but be willing to compromise with the city council and aim to maintain a service at a lower cost?

Jack Dromey: The hon. Gentleman is, to be frank, wrong. The CAB has made it consistently clear that it is prepared to do precisely that, but dialogue with Birmingham city council has proved to be a dialogue with the deaf. If he will speak out today and call on Birmingham city council, and join the Labour MPs of Birmingham in hoping that good sense will break out next Monday, that would be very welcome indeed.

John Hemming: I have been working with the city council on funding proposals to maintain a substantial part of the CAB service, so that has been happening.

Mr Khalid Mahmood (Birmingham, Perry Barr) (Lab): Will my hon. Friend give way?

Jack Dromey: I will give way to my hon. Friend.

Mr Mahmood: The hon. Member for Birmingham, Yardley (John Hemming) is not dealing with the real issue. I have two CAB in my area—one in my constituency and one just outside—which serve some of the most deprived people in the area. Those people have real issues in respect of health, housing and mental health. An organisation called COPE: Black Mental Health Foundation, which provides advice on mental health issues, will close in the next two months because the city council is not providing any support. The Asian Resource Centre is also closing. As my hon. Friend the Member for Birmingham, Erdington (Jack Dromey) says, there will be huge issues around support for the most vulnerable in our society, but there has been no dialogue at all with the city council on that.

Jack Dromey: My hon. Friend is, of course, right; it is not just the CAB. Some of the 13 organisations that are threatened are the Afro-Caribbean Millennium Centre, Age Concern in Birmingham and Perry Barr, the Birmingham Asian Resource Centre, the TUC Centre for the Unemployed and the Chinese Community Centre. A whole range of advice services catering for the needs of the various communities of Birmingham are all facing closure. In total, between 80,000 and 100,000 people seek advice from those 13 advice services each year. That is one in 10 of Birmingham's citizens, or one in four families. Such is the scale of need that those admirable institutions meet at present.

It would appear that the cuts are not just cruel and callous; they may be unlawful as well. The National Council for Voluntary Organisations, an admirable organisation, has written to Birmingham city council to raise concerns over the legality of the cuts in relation to consultation and equality impact assessments. Many of us will give evidence in any proceedings that are held because we know from our experience that there was no proper consultation in advance, and that no serious impact assessments were conducted. The council made the decisions just before Christmas, and it has gone hell for leather to implement the next stages without proper consultation or impact assessments.

It is essential that the Government and the council act. If a solution is to be found that will secure the long-term future of these admirable organisations, there will need to be at least interim funding while we seek a long-term solution.

Andrew Percy (Brigg and Goole) (Con): I thank the hon. Gentleman for his comments. The situation is the same across the country. In my constituency, the CAB in Goole is facing a similar threat. I want to reinforce the point that he has just made. There has to be a long-term solution, because this is not something that has not happened before. CABs are constantly battling for various funding streams, but what we really need is something that puts their vital service on a proper, long-term footing. I entirely agree with what he has been saying.

Jack Dromey: I am grateful to the hon. Gentleman. He makes a powerful point based on his experience. The current arrangements mean that this admirable institution, the CAB, lives from hand to mouth, never quite certain that it can count on the next funding round or stream, which makes it difficult to plan. John and Paul, who are here today, are outstanding at doing precisely that, but it is impossible for them to plan if they are told in December that they will have to close in March but they might or might not get money in August. That is, to be blunt, an absolute farce and something that requires urgent action by the Government to put right.

Let me close on exactly those points. Clear views have been expressed on both sides of the Chamber that we need action by Ministers. I say this with the greatest of respect to the Minister: Ministers cannot wash their hands of responsibility. If the big society means anything—they proclaim that the CAB and advice agencies are a key part—what do the Government intend to do about the situation? Will they call on Birmingham city council to think again? That is precisely what we hope for—that Birmingham city council will think again—when the meeting takes place on Monday next week.

I pay tribute to Citizens Advice. It is an outstanding institution with outstanding employees and volunteers. It needs to be able to serve the people of Birmingham well for the next 70 years, as it has for the past 70.

4.17 pm

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I congratulate the hon. Member for Birmingham, Erdington (Jack Dromey) on securing this debate on what I agree is an important subject. I would like to thank the Members who intervened in the debate.

The hon. Gentleman used the adjective "admirable" on many occasions in describing the CABs in Birmingham, and I am sure that he meant CABs everywhere. I concur with him totally in that regard.

John Hemming: Will the Minister give way?

Mr Davey: In a second—I just want to finish this point.

Like other hon. Members, I have advice surgeries in my constituency every week. In fact, I have two every week, and have done so every week since 1997: every Monday morning at 8 am in my office, and on Thursday or Friday night, or Saturday morning. I spend between five and six hours—sometimes even nine hours—face to face with constituents every week, so I see many of the kind of cases that the hon. Member for Birmingham, Erdington spoke about, whether about benefits, debt, housing or antisocial behaviour.

My staff and I work with the CAB in Kingston. We work with organisations such as Kingston Churches Action on Homelessness and several others to help the most vulnerable in our society, and we do that willingly, as does every Member in this Chamber. We understand the importance of the CAB. I understand the importance that it has in our society, whether it is called the big society or something else. I am afraid that the hon. Gentleman will have to get behind me in the queue to praise the work of the volunteers and professional staff of CABs in every community in our country and the work of the national organisation. I hope that when he hears my remarks, he will understand that the Government do support CABs.

John Hemming: It helps to put the history on record. Yes, the decision was taken in November that money needed to be saved in this area, but the objective was to maintain services, and, therefore, interim funding was made available. The CAB took the view that it was all or nothing; it wanted to continue interim funding at the same rate at which the funding was being withdrawn. To be fair, since then I have met with the chief executive of Citizens Advice, and although the meeting started with the position that it needed to maintain interim funding at the same rate, it has now agreed to look for savings, but that is far too late. I have a meeting with Councillor Ayoub Khan about the matter on Friday, and let us hope that the CAB, rather than issuing threats of legal action, is willing to co-operate to maintain services. I ask the CAB to co-operate to maintain—

Jim Sheridan (in the Chair): Order. An intervention should be short.

John Hemming: I ask that the Minister co-operates because there are other funding streams, which are also crucial.

Mr Davey: I am grateful to my hon. Friend for that intervention, because it was helpful—

Several hon. Members *rose*—

Mr Davey: Let me answer the intervention first, and then I will take subsequent interventions.

[Mr Davey]

The information that my hon. Friend provided then and in other interventions backs up the information I received—in no way has there been a final deal. People locally, both on the council and in Birmingham CAB, are talking to each other. Local MPs such as my hon. Friend are trying to help to resolve the issue, and are working hard on behalf of local people in Birmingham. That is exactly how it should be.

Richard Burden: May I gently put it to the Minister that those of us who have experience working with Birmingham city council know that all too often it is like trying to knit fog? Unlike the hon. Member for Birmingham, Yardley (John Hemming), rather than get my knitting needles out, I would rather get rid of the fog. If the Minister has looked into the issue, will he answer the following question? Has he taken a view on whether Birmingham city council's actions so far in dealing with this are compact-compliant?

Mr Davey: The hon. Gentleman will not be surprised to hear that it would be wrong for a Minister to second-guess every action of every council in the country. I hope that he will agree with that. If he agrees with localism, I hope that he will agree that local authorities, and the councillors who are elected to serve, should take responsibility and be accountable to their local electors. It is important that local councillors of all parties play their role in sorting out local problems in their areas.

Several hon. Members *rose—*

Mr Davey: I will take interventions, but if I make some progress, I can talk about other issues germane to the wider debate on Citizens Advice.

Ms Gisela Stuart: I am grateful to the Minister for giving way. Given that six out of the 10 Birmingham MPs are here, and they have considerable experience of working with the council, will he say whether in his view Birmingham is compact-compliant? It is a very important point.

Mr Davey: I am afraid that I am not going to give the hon. Lady an answer to that question. It is important that, as this is being settled and as the meetings we have heard about—the one that has happened, the meeting on Friday, and the meeting on Monday—try to resolve the matter, they will ensure that any regulatory demands from central Government are met.

John Hemming: Does the Minister agree that the best way forward is for the CAB and the council to op-operate on how to maintain services, rather than issue threats of legal action?

Mr Davey: This is a wider point that applies beyond Birmingham. I certainly agree that it is important that local authorities and citizens advice bureaux in these difficult times try to work together. I will talk about that in a moment, if I can make some progress.

I can give a view from the heart. A few years ago in my constituency, my local council signed up to a three-year strategic partnership with Kingston CAB to ensure that it had stability of funding. That is one issue discussed in the debate. I understand that local authorities are under serious pressure at the moment, as are Government, Whitehall Departments and all those across the public sector. We have some difficult funding times, which is hardly a secret, and such long-term deals need to be seen in that context. From my local experience, I can recommend that strategic partnerships with key voluntary players, such as the CAB and the local council, can resolve such problems more easily.

Steve McCabe: I simply wanted to ask the Minister whether he is responding as part of a double act with the hon. Member for Birmingham, Yardley (John Hemming). Will he ask the hon. Gentleman why there was no mention of transitional funds in the council report in November? That seems to have emerged when the hon. Gentleman made his contribution today.

Mr Davey: When I eventually get to that point in my speech, I will say that prior to today I was aware that there was transitional funding. I do not think that it has emerged in the past few minutes. *[Interruption.]* Labour Members need to hear this, because there is a backdrop to the debate, which is the record deficit that the Administration inherited.

We have had to take very difficult decisions. One of the most difficult decisions I have had to take as Minister meant telling the chief executive of Citizens Advice that his budget—this was before Gillian Guy took over—had to be cut in-year by a significant percentage. I did not like having to deliver that decision, but I knew that we had to take tough decisions because we have such a difficult spending climate. It is exceedingly important that those tough decisions are taken fairly and are implemented. Local authorities will have to face up to that issue—Birmingham city council, Kingston council and other councils as well. I shall give way to my hon. Friend, but I hope that he realises that I need to make progress after his intervention.

John Hemming: I presume that the Minister agrees that CAB funding in Birmingham was perfectly stable until the Labour Government almost bankrupted the country.

Mr Davey: It is very tempting to answer that question, but I shall make some progress.

As a result of the financial difficulties, all councils must re-examine how services are organised and run—finding efficiencies and unlocking savings. We have sought to make that task easier by scrapping most ring-fencing constraints on councils' funding, so they have greater freedom to manage resources in the best possible way. That involves joining up back-office functions, sharing chief executives and other senior managers, and cutting out the duplication and waste associated with procurement. Where possible, that should not mean cuts to front-line services. We say that not only to Birmingham city council, but to all local authorities.

It is worth noting that, although all citizens advice bureaux are members of the national umbrella organisation, Citizens Advice, they operate independently. I am sure that the hon. Member for Birmingham, Erdington will admit that at least. Their funding is determined locally. That is not new, but has been the case for many years under the previous Administration and the Administration

before that. Funding is determined by the relevant local authority. That is how it should be, because the need for advice and such services varies dramatically across the country. I am sure that the needs of Birmingham are different from the needs of Kingston. There should not be any doubt about the fact that these should be local services.

Yvonne Fovargue: Will the Minister give way?

Mr Davey: I will give way to the hon. Lady because I know that she has worked so hard in this area and has been a chief executive of a CAB.

Yvonne Fovargue: Does the Minister agree that funding from the local authority often acts as seed-corn funding for the other funding that citizens advice bureaux get? For every £1 that the local authority puts in, £10, on average, from other sources is gained by bureaux.

Mr Davey: I agree that funding from local authorities can be critical to how citizens advice bureaux plan budgets, so I do not disagree with the point that the hon. Lady has made.

Jack Dromey: We are getting close to the end of the debate, and it is of the highest importance that a clear message be sent to the people of Birmingham. A meeting is scheduled for next Monday and we hope progress will be made. In the event of progress not being made next Monday, will the Minister be prepared to meet a delegation from the Birmingham CAB—the admirable people who work for it, the admirable people who volunteer and some of the people who depend upon it?

Mr Davey: I would not want to prejudge the meetings that will happen over the next few days. It is up to individual councils such as Birmingham to work with partner organisations to sort out some of the difficulties. I understand that Birmingham city council has reviewed advice provision within the whole city and will be moving towards a new commissioning process in the summer. All the independent advice providers will be eligible to apply, and that will, of course, include the bureaux.

I also understand that the council recognises that there may be short-term problems for some of the independent advice providers during the period until new contracts are awarded. I believe that it has a transition fund, to which my hon. Friend the Member for Birmingham, Yardley referred, which might be used to help those organisations through that period. The meeting, scheduled for Monday, will focus on discussing that.

Those are positive developments, which the hon. Member for Birmingham, Erdington did not touch on in his speech, and it is worth putting them on record because I hope they will result in a successful outcome. I am concerned that hasty decisions taken by councils now could lead to the unnecessary loss of important CAB services not only in Birmingham, but in other areas. I trust that, when local authorities work carefully with their citizens advice bureaux to strike up the strategic partnerships I talked about, that will not happen.

Hospital Services (Shropshire)

4.30 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): This important debate is on the reconfiguration of hospital services in Shropshire, and in almost six years as Member of Parliament for Shrewsbury, I have never received so many letters, e-mails and telephone calls from concerned constituents over a single issue. Many of those calls have been emotional, and even though the consultation process is still ongoing, I feel it is my duty to use the platform that I have in the House of Commons to highlight a few of the concerns to the Minister.

Part of the reconfiguration proposals would involve maternity and paediatric services moving from Shrewsbury to Telford. I want the Minister to imagine the geography of Shropshire and mid-Wales. The Royal Shrewsbury hospital covers not just the whole of Shropshire, but the whole of mid-Wales—a vast expanse just across the border. I am pleased that my hon. Friend the Member for Montgomeryshire (Glyn Davies) is present in the debate today.

Picture the wheel of a bicycle, and at the centre, the spokes coming into the middle. That is where Shrewsbury is in the area. Now imagine moving paediatric and maternity services right to the edge of the wheel. How would that wheel function? Telford is at the edge of the area, on the extreme eastern border close to Staffordshire. What is the sense in moving services so far away from the rest of central Shropshire and mid-Wales?

I am so passionate about this issue that I raised it during Prime Minister's Question Time last week. The Prime Minister referred to the importance of public engagement and consultation, which he said was a fundamental aspect of any reconfiguration proposals. Therefore, I have asked the chief executive and the primary care trust for a public meeting to be held in Shrewsbury on 11 February at the football stadium in our town. I believe that hundreds and hundreds of people will attend. I intend to make a transcript of that meeting and of all questions put to the PCT and the chief executive, and I will be sending that transcript to the Minister.

Glyn Davies (Montgomeryshire) (Con): My hon. Friend knows that I also have a huge interest in this issue as I represent Montgomeryshire over the border. Does he agree that the meetings that will be held in Montgomeryshire on 18, 23 and 24 February are of equal importance, and that it is crucial for the health board and PCTs to take notice of them? We also depend on the services in Shropshire.

Daniel Kawczynski: I agree with my hon. Friend. We are cognisant of the fact that his constituents, the citizens of mid-Wales, do not have facilities across the border and are dependent on the Royal Shrewsbury hospital. The people of Wales must be listened to equally, in the same way as the people of Shropshire.

I have slight concerns about the lack of sufficient engagement by the authorities with local people. I pay tribute to the chief executive and his colleagues. There have been public meetings, and the chief executive has met some of my constituents who have serious questions to ask on a one-to-one basis. Nevertheless, many letters

[Daniel Kawczynski]

and e-mails have not been answered in a timely way or to the degree that people wished for. Some people who have written in are retired senior consultants and experts in the field. I hope that all their questions will be answered.

I am also concerned about the dates of the public consultation. In began on 9 December and will finish on 14 March. I find 9 December a rather strange time to start a public consultation. We all know how stressful Christmas is at the best of times, and we would have been gearing up to buy the Christmas tree and presents and get our homes ready for festivities. A lot of people in Shropshire will not have been thinking about the consultation as intently and with as much time and focus as they might have done, because they were distracted by the coming festivities. If we are to have a public consultation, it must be held at the right time of the year and there must be sufficient time for people to make their views heard.

David Wright (Telford) (Lab): I am grateful to my hon. Friend—I use that phrase pointedly—for giving way. There will be a consultation in Telford next week, and I hope that people will come to it. It is important that people across Shropshire express their opinions. Does my hon. Friend accept that under the proposals, both hospitals have to give something in order to sustain health services in Shropshire? Acute surgery would move to Shrewsbury, and some elements of paediatric and maternity services would move to Telford. There will be a balance between the two hospitals. We do not want to see services move out of the county, and if we are to sustain services in Shropshire, I think this is the best plan we are going to get.

Daniel Kawczynski: I will reciprocate by referring to the hon. Gentleman as my hon. Friend. We are from different parties but we are colleagues. We get on well, and across the parties we have a passion for Shropshire. I will come later to the importance of retaining services in Shropshire. However, constituents do not pay attention to services that come to their area; they are focused on those that are leaving. That is why they are pressing me to highlight these issues in Parliament.

My other concern is that there is no plan B. This is a consultation process in which the chief executive and the board come forward with proposals. However, there are no shades of grey—it is take it or leave it. I speak purely as a layman, but if there is only one option, it is difficult for a large group of people, many of whom do not have medical experience, to scrutinise that proposal. Surely, if we are to genuinely engage with local people, differences and alternative options could be put forward so that the community as a whole could come together, debate them and make recommendations.

Mark Pritchard (The Wrekin) (Con): Does my hon. Friend accept that in an ideal world, both hospital sites would have all-singing, all-dancing acute and clinical services? However, we do not live in an ideal world, but in a time of constrained public finances. Does he accept that the current consultation recognises the importance of having an accident and emergency ward at both Shrewsbury and Telford? That is a breakthrough from the original consultation process and shows that the hospital trust has listened to Shrewsbury and Telford on that important point.

Daniel Kawczynski: I concur with my hon. Friend and with the point that he makes in his usual eloquent way. I have been told by the chief executive, and others, that if we do not go for the proposals, we will potentially put our foundation trust status at risk. If we put that at risk, there is the possibility of losing services—and the management of those services—out of the county. Again, I speak without medical experience, but I do not understand how we could enter into a consultation process but be told that if we do not go for the proposals, services will be lost from Shropshire.

I cannot envisage a time when we have no maternity or paediatric services in the whole of Shropshire. That is unthinkable to me, so I do not understand the logic of the trust. It is saying, "Take it or leave it, but if you leave it, that's it. We won't get our foundation trust status and you'll lose your services." That position needs to be clarified because many people see it as a gun being pointed at their heads and are therefore frightened to challenge the proposals.

Glyn Davies: I am grateful to my hon. Friend for his tolerance in allowing me to make a second intervention. The point that he has just raised is key. Everyone, including, I am sure, my hon. Friend, recognises that there must be a reconfiguration of services. The points that have been made are crucial. However, that does not necessarily mean that the reconfiguration of services that is before us has to be the case. The argument is not about whether there should be a reconfiguration of services, but about how that should take place. In the interests of the people of Montgomeryshire, I think that services are best placed not where it is convenient for a balance in Shropshire, but where they are accessible to the people who will use them.

Daniel Kawczynski: I completely concur with my hon. Friend on that point.

I shall briefly relate a couple of specific cases. I have been inundated with hundreds of letters on this issue. My own daughter was born at the Royal Shrewsbury hospital, and it was the proudest day of my life when my daughter was born within the community that I represent. She is not just a Salopian; she is a Shrewsbury girl and she will have that with her for the rest of her life. For us in Shrewsbury, being a Salopian is important, but being a Shrewsbury girl? Now that is something special. I feel so passionately about that.

One constituent's family is directly affected by the proposals, as her three-year-old son needs 24-hour open access to the children's ward at the Royal Shrewsbury hospital because he suffers from severe haemophilia. He needs treatment to be administered every other day and any additional treatment on demand if he should cut himself. I was told that it was vital for my constituent's son to be admitted immediately to the children's ward via A and E and not to be sent down the motorway to the Princess Royal hospital. How can that mother of a son with haemophilia empower herself to make her views known if the overview and scrutiny committee is not minded to refer this issue to the Minister?

The issue has also been raised with me by the father of a child who was previously a cancer patient treated at the Royal Shrewsbury hospital. He talks about the appeal in 2003 for a designated children's cancer unit at the Shrewsbury hospital. It raised £500,000 and the unit was completed in 2005. My constituent told me that

"many people across Shropshire and Mid Wales donated or gave up many hours to fundraise, only to now find that the purpose built unit will...stand unused as Children's services are being moved to Telford with no provision for this desperately needed unit which provides an essential service to families facing unimaginable turmoil whose children are being treated for cancer."

I have been told of the severe disruption and anguish that will result from the need for seriously ill patients to travel from Shrewsbury if it is left with no consultant-led surgery, which may result in a catastrophic delay in emergency treatment.

I also want to mention Joshua, a young boy in my constituency who has chronic lung disease. His mother, Hayley Corfield, wrote to me about him. He has had bronchial problems since birth and is now 14 and constantly in and out of hospital. I have been given the most extraordinary list, which I will send to the Minister, of the medications that this poor young boy is on. He lives in Shrewsbury. His mother tells me that there have been many near misses in the last few years in terms of saving his life—resuscitating him. She is desperately worried about the impact on her son and the chances of his survival if, suffering from this chronic disease, he has to travel for an extra 20 minutes to Telford. I am therefore raising these issues with the Minister today.

The Minister kindly wrote to me. In his letter, he notes that I am planning to call a public meeting and encourages me

"to ensure views from that meeting are fed back to the local NHS via the consultation mechanism, so local concerns are fully taken into account."

The next part is the bit that I am excited and happy about and grateful to him for—I know that he is one of the best Ministers we have. He says:

"The Department will be watching the outcomes from the consultation exercise with interest."

I know that he cannot get involved at this stage, but I am extremely grateful that he has said that he will be watching with interest the outcome of that consultation process.

I have today written to all the general practitioners who practise in Shrewsbury and Atcham. Again, the Prime Minister stated at Prime Minister's questions, and it was reconfirmed to me by my right hon. Friend the Secretary of State for Health, that the views of local general practitioners would have to be taken into account before any reconfiguration process could occur. I wanted an independent assessment of their views, rather than it being handed to me by the PCT or anyone else. I have therefore written today to all the general practitioners in my constituency and I urge my hon. Friends to do likewise if they so wish. I will compile the results of the views of local general practitioners in Shrewsbury and will share their views anonymously. I will not refer to specific people, but I will share their views with the Minister.

I am extremely grateful for the 15 minutes that I have had and for the constructive way in which we have debated this issue. It is extremely emotive. I do not want to get into a Shrewsbury-Telford pillow fight. We have had enough of that over the years. I want to work constructively with my colleagues and with the trust to come up with the best possible solution for our beautiful county.

4.47 pm

The Minister of State, Department of Health (Mr Simon Burns): I congratulate my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) on securing this debate on hospital services in Shropshire. I am sure that his constituents will be pleased to know that he has raised an issue of such great importance to his local community. I also pay tribute to the staff of the NHS across the whole of the county of Shropshire, who do such an incredible job caring for the constituents of my hon. Friend and the hon. Member for Telford (David Wright). They deserve and will receive the Government's full support.

Before I come to the specifics of Shropshire, I shall set out the Government's general approach to the reconfiguration of health services, as my hon. Friend referred to the answer that he received from my right hon. Friend the Prime Minister last week. The Government passionately believe that local decision making is essential to improve outcomes for patients and to drive up quality. We do more than just talk about pushing power to the local level; we are doing it.

In May 2010, my right hon. Friend the Secretary of State for Health identified four crucial tests that all reconfigurations must pass. First, they must have the support of GP commissioners. Secondly, arrangements for public and patient engagement, including local authorities, must be further strengthened. Thirdly, there must be greater clarity about the clinical evidence base underpinning any proposals. Fourthly, any proposals must take into account the need to develop and support patient choice.

I understand that NHS West Midlands has given an assurance that the case for change is underpinned by those tests. Let me be clear what that means. Hospital closures that do not have the support of GPs, local clinicians, patients and the local community should not happen. There should be ample opportunity for patients, local GPs and clinicians and local councils to have a far greater role in how services are shaped and to ensure that these changes will lead to the best outcomes for patients.

It is important to remember that local public consultation is the vehicle through which to ensure that everyone with an active interest in proposed changes to their local health service gets their say. In this case, local consultations began on 9 December 2010 and are scheduled to conclude on 14 March 2011. My hon. Friend mentioned it, but if it is any consolation to him, Christmas and the new year holidays came during that period. The normal consultation time is 12 weeks, and if my maths is right this consultation process will take 13 and a half weeks including the holidays.

It should be stressed that consultation is by no means a fait accompli. It is a democratic process that allows full and open participation in considering all the options for service change. If an overview and scrutiny committee is not satisfied that adequate NHS consultation has taken place, or decides that proposals do not meet the needs of the local community, it may refer the matter to the Secretary of State for Health.

[Mr Simon Burns]

I understand that there has been a long history of debate on the best way to organise hospital services in Shropshire. A previous review failed to provide a lasting way forward for the county. Local organisations are now taking this review forward, and they believe that changes need to be made in the near future to ensure that services continue to be provided safely. Over the last decade, the NHS in Shropshire has identified a number of services, including accident and emergency, acute surgery, maternity, neo-natal, in-patient, paediatrics and urology, that face an increasing challenge in trying to provide 24-hour cover by senior medical staff at local hospitals.

As the public consultation document explains, there are five main reasons for that. First, the increasing specialisation of staff means that fewer consultants are able to provide general emergency cover. That is a particular problem in general surgery if it is split between two sites. Secondly, out-of-hours arrangements mean that some consultants have to cover a number of services and sites at the same time. That places unrealistic pressure on staff, and it can put patients at risk. Thirdly, the European working time directive limits the time that medical staff are allowed to work to an average of 48 hours a week. Fourthly, due to the relatively spread-out nature of the Shropshire sites and the area's rurality, it can be difficult for junior doctors to see the wide range of patients necessary for their training. Fifthly, those factors collectively could make it difficult to recruit high-quality medical staff, particularly consultants.

The current configuration of services results in duplication between the Royal Shrewsbury and Princess Royal hospitals. It also limits the ability to develop the more specialised services that could be provided in Shropshire, Telford and The Wrekin. That is not sustainable.

This is the opportunity for all those with an interest in making changes to local health services to become involved. My hon. Friend has called for an additional public meeting in Shrewsbury; that takes place on Friday 11 February. As I said in my letter, I strongly encourage my hon. Friend to note the views raised at the public meeting, so that they can be fed in to the consultation process. Before a final decision is made following the conclusion of the consultation process, those views will have been heard and considered.

The consultation document explores four options. Option 1 is to do nothing. That is not considered feasible by the local NHS. A second option is to concentrate all major and emergency activity on the site of one or other of the existing two hospitals, with planned activity at the other. That has been looked at carefully, and I understand that that is not considered feasible either. A third option is to build a new hospital, but that has been discounted because of the financial climate. A fourth option, the preferred local NHS option, means moving services between the two sites to make the most effective use of staff, equipment, and buildings.

The consultation document suggests that this is likely to mean that the bulk of in-patient, children and maternity services—

4.54 pm

Sitting suspended for a Division in the House.

5.8 pm

On resuming—

Mr Burns: As I was saying when we broke for the Division, the consultation document suggests that this is likely to mean that the bulk of in-patient, children and maternity services will be provided at the Princess Royal hospital in Telford. A range of acute surgery, including trauma and orthopaedic surgery, and various surgical and other services would remain at, or move to, Shrewsbury. Both sites would continue to provide midwife-led maternity units, with improved accommodation provided for the midwife-led unit at the Royal Shrewsbury hospital site. All pregnant women who are assessed as being likely to have a low risk of complication in the later stages of pregnancy would still have the opportunity to choose to have their baby in a midwife-led maternity unit or at home.

Gynaecological services and antenatal out-patient and day care services will continue to be available at both sites, as will children's out-patient services. It is proposed that a number of specialist surgery services, whether for planned or emergency operations, would be concentrated at the Royal Shrewsbury hospital: vascular surgery; colorectal surgery, and upper gastro-intestinal surgery. I also understand that funding will be made available so that the Royal Shrewsbury hospital will gain phase 3 status as a specialist aortic aneurism centre.

The consultation states that most surgery for life-threatening trauma is already carried out by surgeons at the Royal Shrewsbury hospital and that would continue to be the case under these proposals. Also, 24-hour accident and emergency services will remain at both hospitals. Therefore, proposals in the consultation document appear to point to a vision of both hospitals providing a diverse range of services that complement each other.

This review has been led by clinicians. Proposals are based on work led by senior doctors, nurses and other health care professionals in the county, working with partners from local authorities, community and voluntary organisations, and patient and public representatives. I understand that the local NHS has involved a number of clinical staff in its local assurance process, including clinical experts from outside Shropshire, such as the director of nursing from Leicester Royal Infirmary and a consultant paediatrician from Manchester, as well as a number of clinical staff with related experience who work within the trust but who had not been involved previously in developing future options.

I am assured that NHS West Midlands will consider results of the public consultation, as is appropriate, before any results are presented to the local NHS boards. I also understand that the local NHS is keeping all local MPs briefed on the consultation process.

I know that my hon. Friend the Member for Shrewsbury and Atcham has campaigned vigorously in the past for retaining services at his local hospital. May I assure him that I fully appreciate his desire for a process that is open and transparent, one that does not end with decisions made behind closed doors after only a derisory nod to public consultation? His constituents, like those of all right hon. and hon. Members, deserve local health services that have the confidence of local GP commissioners and of local people themselves.

I also point out to my hon. Friend that because we are in the middle of a consultation process it would be totally inappropriate for me to seek to influence or compromise that process by becoming directly involved. There are avenues open through the consultation process, as my hon. Friend knows well, and I know that he is working vigorously, as demonstrated by his holding a meeting in Shrewsbury on 11 February, to make sure that the voice of his constituents is heard and considered as part of what is a very important consultation process for the whole county of Shropshire, to ensure the right configuration of services in local hospitals to meet the needs of local people.

Question put and agreed to.

5.13 pm

Sitting adjourned.

Westminster Hall

Thursday 10 February 2011

[MR CHARLES WALKER *in the Chair*]

BACKBENCH BUSINESS

Onshore Wind Energy

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr Newmark.)*

2.30 pm

Andrea Leadsom (South Northamptonshire) (Con): It is a pleasure to see you in the Chair, Mr Walker. I thank the Backbench Business Committee for enabling me to introduce this very important debate about onshore wind farms.

First, I congratulate the Front-Bench team on their part in bringing the Localism Bill to Parliament. It is absolutely key that we in Britain reverse the tide of centralisation and start to give power back to communities and people. I applaud the intention to remove regional spatial strategies and to abolish regional renewables targets. Putting power back into the hands of local communities and better allowing people to determine the outcomes for their area is certainly something that we need to do, so I thank the Front-Bench team for that.

The debate about onshore wind farms goes to the heart of the question of localism versus the national interest. Where onshore wind farms are concerned, a big tug-of-war is going on. There are real issues of national interest that must be taken into account. I shall mention three, the first of which is the energy gap. Although this is not a party political debate, Labour's leaving of our economy in such a shambles is one of the legacies that we are fighting. The other is the way that it left our energy situation. The sad fact is that between now and 2020, some 35% of British power generating capability through nuclear and conventional power stations will be retired due to old age.

Huw Irranca-Davies (Ogmore) (Lab): I welcome the debate initiated by the hon. Lady. It is a good opportunity. I also welcome her saying that it is not party political, but will she note that in the middle of the economic recession that we had and the difficulties that we had, and still have, the wind sector grew by thousands and thousands of jobs? It was not coincidental that that growth began from 2007-08 onwards. Is that not a good story about green jobs started under the Labour Administration?

Andrea Leadsom: As I plan to say, wind energy plays a part, but what we actually needed to do was to rebuild conventional power sources, and start building new ones, that will genuinely meet the needs of the country in the next decades.

Dr Andrew Murrison (South West Wiltshire) (Con): I congratulate my hon. Friend on obtaining the debate. On the subject of conventional power stations, will she note that wind power will not alter one jot the number of power stations required? A report by Scottish and Southern Energy notes that receipts from its extensive wind turbine farm were down by 20% last year, beyond its expectations, showing that we simply cannot rely on there being sufficient wind to eliminate conventional power stations.

Andrea Leadsom: I completely agree, and will come to that point.

The second challenge where national need is tugging against local need is energy security and our dwindling North sea gas reserves. We are now a net importer of gas and will increasingly rely on potentially unreliable sources for importing power, so there is a great need to rebuild our own generating capability. The third "tug" comes from our binding EU target to meet 15% of our energy needs through renewables by 2020. Again, that presses us towards urgent action that at times can appear to go against local requirements.

I therefore welcome the Government's focus and determination to solve these problems while at the same time taking account of what local people want. What are the solutions? The former leader of the CBI, Richard Lambert, said clearly that nuclear energy was the answer. It is low carbon and has a high base load. I am pleased that we are seizing that bull by the horns and pressing for more nuclear capability. That will be key.

As the hon. Member for Ogmore (Huw Irranca-Davies) suggested, however, the big race during the last decade has been for onshore wind, not just here but in Europe. Let me set the scene. At the moment, Britain has 350 operational wind farms, 260 either under construction or awaiting construction and 250 at the planning stage. That means that there are already 3,000 turbines in the country, with another 6,500 either awaiting construction or planned. To meet the 10,000 turbines needed to ensure that we hit our 15% renewables target by 2020 would cost us dearly in terms of the impact on communities and electricity prices.

At the moment, onshore wind farms provide for about 2.1% of total energy needs in the UK and they are by far the largest renewable source, but the big question is: are they worth it? To examine that, I shall consider the case of Denmark, which has led the way on onshore wind. It now has more than 6,000 wind turbines for a population of just over 5 million people. In theory, wind turbines could provide for one fifth of Denmark's energy needs, but its national power company—DONG Energy—has stopped supporting new onshore wind turbines, for three reasons. The first is the enormous public backlash. Communities have just had enough. Secondly, electricity prices in Denmark are the highest in Europe. Since 2005, subsidies paid by businesses and consumers to wind farm developers have totalled some £620 million.

However, the key reason why Denmark is putting a stop to onshore wind farms is effectiveness. Electricity generated in Denmark could provide for 20% of its total needs, but not much of it is used in Denmark. Why? Because the wind does not blow at peak times in Denmark, so the country sells its surplus energy to Norway, Sweden and Germany, often at a substantial loss.

Another key issue in Denmark is that the Danes have failed to close a single conventional power station. Why? Wind energy produces excesses of power at times

[Andrea Leadsom]

when it is windy and when it is working, but at other times it is not useful to them, so it has not significantly reduced their carbon footprint. In addition, they have to keep their power plants ticking over because the carbon footprint from constantly ramping up power stations when the wind drops is counter-productive.

The other reason why Denmark has stopped building onshore wind farms is that subsidies have been reduced significantly by the Danish Government. Of course, that points to the fact that the big push for wind is a result of taxpayer subsidies; that is why developers want to build wind farms.

What does that mean for the UK? First, in the UK we know that wind farms are unreliable. The intermittency causes a problem for the grid. Too much wind means that the turbines have to be turned off. No wind means that they are useless. Wind cannot be stored, and in the UK the average production from wind turbines is about 30% tops. That means that the theoretical capacity of 100% is only achieved to the tune of 30% on average because of the intermittency of wind. We therefore have to keep all our power plants going to provide a back-up source and we will have to build new power plants to cope with that.

Secondly, last December, when temperatures dropped to an average of minus 0.7° and demand for heat rose by 7%, there was no wind. Wind power contributed not a jot to meeting that 7% increase in demand for heat.

Thirdly, we have to consider the costs. It is difficult to establish the relative costs because they move all the time, but roughly speaking, wind energy costs about two and a half times the price of nuclear energy and twice the cost of traditional fuel sources. However, it is not just the fuel itself. There is also the cost of building the turbines. The costs of the raw materials for that are increasing, and as the demand for wind turbines increases, so does the cost of building them.

Finally, there is the cost of upgrading the grid to deal with the enormous amount of new connectivity that will be needed by 2020 if we are to have a total of 10,000 onshore wind turbines. The cost has been put at around £5 billion.

James Wharton (Stockton South) (Con): My hon. Friend makes an excellent point about the cost of wind turbines. Is it not the case that there is not only a cash cost, but that the carbon cost of manufacture detracts significantly from the environmental benefits that onshore turbines are supposedly meant to bring?

Andrea Leadsom: My hon. Friend makes a good point, although some would argue that the cost would be defrayed over a few months, once the turbines are built. Of course, it all boils down to how much energy the turbines produce.

Upgrades to the grid will cost about £5 billion by 2020. That alone will add 1% to every fuel bill, as it is consumers and businesses who will be paying the cost. In 2005, Paul Golby, the chief executive officer of E.ON, said:

> "Without the renewable obligation certificates nobody would be building wind farms."

In 2007, Ofgem said,

> "we think there are cheaper and simpler ways of meeting these aims"—

the aims of reducing carbon emissions and promoting renewables—

> "than the renewables obligation scheme which is forecast to cost business and domestic customers over £30 billion."

In 2008, the Centre for Policy Studies predicted that meeting the 2020 renewables target would require a taxpayer subsidy of between £4 billion and £5 billion a year. That would add £3,000 to the total fuel bills of every household—that excludes the cost of infrastructure—and it takes no account of the fact that, in 2009, 4 million households were in fuel poverty. The cost of these things must be taken seriously into account.

I am delighted that the Government have announced that they intend to share the financial benefit of onshore wind farms with communities. That is important because there is no doubt that taxpayers will be paying the price; it is fair that the communities that host wind farms should share in the rewards.

Another cost of wind farms that is hard to quantify is the impact on communities. Hundreds of campaigners are fighting against having wind farms in their areas. Their concerns are wide-ranging. They include visual problems: many of the new wind turbines are bigger than Big Ben and taller than the London Eye; they are said to intimidate villages and ruin areas of outstanding natural beauty, and there is mess and disturbance while they are being built.

Andrew Percy (Brigg and Goole) (Con): We have exactly the same problem on the Isle of Axholme in North Lincolnshire. Several local villages in my area were faced with about 14,000 vehicle movements for up to two years during the construction of a 34-turbine wind farm. The wind farm was refused permission by the local authority, but it was granted on appeal. It is not only what happens afterwards. It includes what happens during the construction phase, which is not a short time.

Andrea Leadsom: My hon. Friend makes a good point.

Mr James Gray (North Wiltshire) (Con): I am most grateful to my hon. Friend for giving way twice so quickly.

It is instructive that in the Chamber for this important debate there are, at a glance, some 26 coalition Government Members and only two Labour Members—one Whip and the shadow Minister. Does my hon. Friend agree that that is because the visual impact of wind farms is almost exclusively felt in constituencies represented by Conservative and Liberal Democrat Members, but that the constituencies represented by Labour will benefit as they will be using the energy?

Andrea Leadsom: My hon. Friend makes a good point, and I would add to it. The rush to build wind farms under Labour's top-down planning now makes it difficult for Opposition Members to stand on a localism ticket.

Tony Cunningham (Workington) (Lab): I hope that the hon. Lady will wait and listen carefully to what I shall say.

Andrea Leadsom: I look forward to that.

Huw Irranca-Davies: I thank the hon. Lady for giving way again in this good-humoured debate. May I point out that the comments of the hon. Member for North Wiltshire (Mr Gray) are a complete fallacy? In the constituency of my hon. Friend the Member for Workington (Tony Cunningham) and in many places in Wales, including in the uplands of south Wales, more than 60% of the land is within the TAN8—technical advice note 8—area for development. It is not true to say that wind farms are to be found predominantly in Conservative or Liberal Democrat areas. That is not how the mapping is done.

Andrea Leadsom: I thank the hon. Gentleman, but the fact remains that not many Opposition Members are present in the Chamber.

Stephen Barclay (North East Cambridgeshire) (Con): Further to that point, may I suggest that one reason for that may be that the leader of the Labour party was the Secretary of State for Energy and Climate Change? He signed legally binding targets that are highly questionable. Indeed, the Labour Chair of the Public Accounts Committee was behind a report that concluded:

"We are concerned that the Department agreed to the legally binding EU-target"—

the 2020 target—

"without clear plans, targets for each renewable energy technology, estimates of funding required",

and without understanding other factors such as planning issues. We will come later to the fact that the legally binding target, which will require 10,000 new turbines by 2020, notwithstanding the fact that 40% of planning applications fail, is beyond the control of the Department that signed it.

Andrea Leadsom: My hon. Friend is right to raise that point. As I said at the start, that binding target is one reason why we have a tug-of-war between the national interest and what local communities want.

I was talking about the visual impact of wind farms. One of the main problems is flicker. Sunlight on the rotating blades disturbs many people; it creates genuine hardship because it is constant when the wind is blowing and, obviously, when the sun is shining.

Turbines also have an aural impact. They are audible at a great distance—potentially, as far as two miles, depending on the landscape. I have been given some wonderful descriptions of the sound. It is described variously as like an aircraft continually passing overhead, a brick wrapped in a towel turning in a tumble drier, someone mixing cement in the sky or a train that never arrives. Wind turbines are often noisiest at night, and the sound is constant. One cannot get away from it and it does not stop.

Wind turbines also have an impact on wildlife, as we heard earlier. A survey estimates that 350,000 bats have already been killed by turbines, as have 21,000 birds of prey and millions of small birds, and that each turbine kills between 20 and 40 birds a year. Larger animals, particularly horses, seem to find turbines disturbing.

Mr Graham Stuart (Beverley and Holderness) (Con): I congratulate my hon. Friend on securing this debate, and on her powerful speech. I visited the Davies family in South Lincolnshire a couple of years ago. They were forced out of their home by the noise of the local wind turbine. I am sure that that is why so many hon. Members are here today: they do not want their constituents to suffer that sort of imposition, especially as local decisions are overturned by central authorities.

Andrea Leadsom: I thank my hon. Friend for that excellent contribution.

Another key concern cited by communities is interference with television and radio. Emergency services are concerned about the impact on their frequencies. The Ministry of Defence is concerned about interference with radar, and that some of these huge turbines might be a threat to aircraft.

There is also the question of house prices. It is much disputed, as it is not clear whether turbines have an impact on house prices across the board, but it has been the case in some areas. In Denmark there is a requirement for wind farm developers to compensate home owners if there is proven loss in the value of their property. Therefore, at the moment, planning favours the wind farm developer.

Only one in three wind farms are approved by democratically elected local authority planners. I hope that the Minister can shed some light on this, but I wonder how many of the other two in three wind farms go on to be approved on appeal, rather than being rejected in their entirety.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): Does my hon. Friend share my concern that local authorities might be tempted to be both judge and jury when it comes to applying for and granting consent for wind farms on property that they own?

Andrea Leadsom: I agree with my hon. Friend. When planning for onshore wind farms, the views of people who have to host them should be taken into account, no matter who owns the land.

Justin Tomlinson (North Swindon) (Con): I am grateful to my hon. Friend for giving way once more. An Ecotricity application for three wind turbines adjacent to the South Marston village was deferred on Tuesday. It is as if the planning process is fearful of the inspector, and that all the concerns listed by my hon. Friend—the tangible effects on local residents—are almost irrelevant as planners seek to avoid dealing with them; ultimately, the unaccountable inspectorate will give the approval.

Andrea Leadsom: I quite agree and that has certainly been explained to me by many councillors in my own district.

Chris Heaton-Harris (Daventry) (Con): I thank my hon. Friend and constituency neighbour for giving way and I congratulate her on securing this debate. The village of Yelvertoft in my constituency has, hanging over its head, the prospect of eight turbines the size of the London Eye being built. Some 72% of the village were against it, including the local council, me, as the MP, and the MEPs. The decision went to appeal. One person from the planning inspectorate turned up for a few days and overturned that decision, which is why these turbines are now being built. That is not localism.

Andrea Leadsom: I completely agree with my hon. Friend that that is outrageous.

One of the biggest criticisms about the planning system for onshore wind farms is that there is no requirement, at the moment, for the developer to prove that the place is actually windy. You would think, Mr Walker, that before the taxpayer was expected to fork out billions of pounds someone would require the developer to find—as Winnie the Pooh put it—a windy spot. It is a fairly basic requirement. That brings me on to South Northamptonshire, which is not a windy spot—other than my hon. Friend the Member for Daventry (Chris Heaton-Harris), who, I am told, can be full of wind at times. *[Interruption.]* Yes, hot air.

Andrew George (St Ives) (LD): Before the hon. Lady moves on geographically—I come from a totally different part of the country—let me congratulate her on the way in which she has constructed a very strong argument against wind energy, although it is not one that I entirely sign up to. However, I feel that she has overplayed the negatives. Turbines, for example, are not operational for about 100 hours a year as a result of strong winds. She has also rather underplayed the economic benefits to the manufacturing sector in the UK. Does she not agree with the way in which this Government are approaching this issue? They are constructing incentives for communities to benefit from wind farms rather than simply having them established in the landscape with no benefit to the local community. Does she think that that might help to change people's attitudes towards them?

Mr Charles Walker (in the Chair): Order. Many colleagues want to speak. Can we have pithy interventions?

Andrea Leadsom: Absolutely. As I said earlier, I completely applaud the Government's intention to enable communities to share in the benefits of wind farms; it is absolutely right. It should have been done before now. I completely agree that where wind farms go ahead, communities should benefit. None the less, I slightly take issue with the point that my hon. Friend made about the amount of time that wind turbines are actually working. The latest statistics show that, on average in the UK, they operate between 25% and 30% of the time.

Andrew George: The figures across the board show that the turbines operate about 70% to 80% of the time. About 100 hours are lost when they have to be shut down as a result of excessive wind speeds. That is 100 hours a year per turbine.

Andrea Leadsom: I thank my hon. Friend for that, but I think that we are talking about two slightly different things. I am talking about 30% of wind farm capacity being effective at any one time.

I move on to my own constituency of South Northamptonshire. The Met Office confirms that it is one of the most sheltered parts of the UK. Our average wind speed is around 8 knots, which means that we are towards the lower end of effective speeds for a wind turbine. Nevertheless, I have four applications for wind turbines in my constituency—one in Greatworth and Helmdon, one in Roade, one in Alderton and one very recently in Paulerspury. A local study suggests that the capacity of the wind turbines would be around 19%, which is extremely low. We will, none the less, face massive disruption during construction.

Having spoken to a number of developers, I am told that the factors that attracted them to South Northamptonshire were the excellent roads, the convenience of the sites to the motorways, the good links to the grid, and the ROCs. They did not say that they were attracted to Northamptonshire because it is an exceptionally windy place. I congratulate my hon. Friend the Minister on today's announcement, which he kindly sent to my office this morning. It said that the Government will consider giving wind farm developers a new incentive to build in windy places rather than in constituencies such as mine where there really is not enough wind to be worth the cost.

Sir Alan Beith (Berwick-upon-Tweed) (LD): That is slightly worrying to those of us who represent rather windy places. In the hilltop village of Wingate, in my constituency, residents faced the prospect of being encircled by wind farms, which were separately applied for by different developers, and that is a planning process that they find very difficult to cope with.

Andrea Leadsom: My right hon. Friend makes a good point. I agree that the issue of the local need versus the national interest still applies. Let us start from the basis that we build wind farms where it is windy and not where it is not windy.

Huw Irranca-Davies: On a point of order, Mr Walker. The hon. Lady intrigues me. It is a very good debate and she has put some powerful points. However, has there been some policy announcement today? From what she has said, it sounds as though it may be beneficial. Are we hearing here and now a policy announcement?

Mr Charles Walker (in the Chair): That is not a point of order. In his summing up, the Minister might want to refer to the letter that he sent to the hon. Lady, but it might just be a personal letter that we all receive from Ministers.

Andrea Leadsom: I can confirm that the letter was simply a piece of information that was put on the Department of Energy and Climate Change website. The Minister's office sent me a link to it, so I can confirm that the information is in the public domain.

Mr Gray: Is it not an irony that the windiest places in the UK tend also to be the most remote from the places where the energy is being used? Therefore, the visual impact that my hon. Friend mentioned is doubled because of the necessity to have wires going from the windy place, such as Northumberland, to London where we are actually using the energy.

Andrea Leadsom: My hon. Friend makes a very good point. That will always be the issue—turbines being very close to the grid and therefore on top of a community or being further away from the grid and potentially having an impact through the connectivity issues. That will always be a problem.

We have painted rather a gloomy picture here and I can add one last bit of gloom, which is that sadly—before we all go out and shoot ourselves—we also do not benefit from the manufacturing of wind turbines. At a time when the renewable industry offers great potential in terms of business growth, it is something that we must take great strides to improve, and we are doing so in this Government.

Mark Pawsey (Rugby) (Con): In my constituency, Converteam manufactures components of turbines. It is working on gearless turbines, which will address the issues of noise that greatly concern both my hon. Friend's constituents and my constituents. Therefore, there are some UK manufacturers of wind turbines, which means that there is some benefit to the UK economy.

Andrea Leadsom: That is music to my ears, and I hope that we will progress with that and go on to manufacture even more wind turbines and other sources of renewable energy in this country.

Mr Graham Stuart: We are a world leader in offshore wind turbines. We have the largest capacity of almost any other country. Siemens has announced that it wishes to come to Hull to create 700 jobs, and others will follow. We have a huge opportunity with large-scale wind turbine farms; we can drive down the cost until it can compete with fossil fuels. Surely we should be focusing on offshore wind where we have world leadership and manufacturing potential because that offers a real benefit for this country. Onshore wind upsets our constituents, contributes little and has many inefficiencies, which my hon. Friend has so powerfully explained to us today.

Andrea Leadsom: My hon. Friend makes an excellent point and it is one that I completely agree with.

There is now a fairly gloomy picture in this country, where it appears that the taxpayer foots the bill for wind farms, communities pay the price of the loss of amenity and the wind farm developer takes all the reward without even needing to prove that there is a benefit in terms of reducing our carbon footprint. So I again applaud the Minister for the way in which we are moving to a different environment, in which communities will have a greater say and will share in the proceeds that accrue from the building of wind farms.

Having looked into this issue in great detail in the last few weeks, I accept that there are marginal benefits from onshore wind. However, it is very difficult to suggest that onshore wind will mean that we can reduce our reliance on conventional power sources. By the very nature of wind, that will not be possible. Nevertheless, wind should be present in the mix of what we are trying to achieve: reducing our carbon footprint, plugging the energy gap, and ensuring good energy security.

Having said that, the benefits of onshore wind have been hugely exaggerated by the developers who stand to make huge sums from the taxpayer incentives. In addition, we are genuinely adding to fuel poverty in this country and costing consumers and businesses billions of pounds because of this battle to develop onshore wind. Another study, by the Centre for Policy Studies, suggested that 61% of people are either fairly unwilling or very unwilling to see their electricity costs rise to pay for onshore wind development.

So what are the solutions? First, as I have said, I welcome the Localism Bill. It goes a long way to providing solutions that will put people back in the driving seat. I welcome the commitment to sharing the financial benefits of wind farms between developers and the communities that host them. I thoroughly welcome neighbourhood planning, which will allow local communities to exclude or include wind farms within their neighbourhood plans.

Secondly, if those neighbourhood plans include wind farms, they can be up to a capacity of 50 MW. I urge my hon. Friend the Minister to take my proposed amendment to the Localism Bill as his own and to adopt it. What I have proposed, with a great deal of support from hon. Friends and colleagues across the House, is that the capacity for onshore wind farms that come under the neighbourhood plans should be 100 MW, in line with offshore wind farms, rather than the 50 MW that is the current capacity. The reason is that otherwise there would be the perverse incentive for developers to apply for planning for a 52 MW capacity wind farm to get around the neighbourhood plans. Therefore, I urge the Minister to consider my amendment seriously.

Thirdly, we need to look very carefully at the rights of communities, to ensure that we have the right balance in this sector. In Denmark, for example, there is a minimum distance from habitation of four times the height of the wind turbine and in Scotland the guidance says that there should be a 2 km exclusion zone. There is certainly more that we in this country can do to ensure that people can defend their immediate environment.

Fourthly, we should look very carefully at how we ensure that developers go to those areas of the UK that are very windy and not to those areas that are marginal in terms of the amount of wind that they receive and that are only profitable because of the taxpayer benefits that they offer.

My fifth point is that we in this country should be looking much more closely at other sources of renewable energy. In particular, I want to highlight ground source heat pumps, which have been described as

"the most energy-efficient, environmentally clean and cost-effective space-conditioning systems available."

There is an advert for them.

There are also tidal and marine technologies, which are more predictable and reliable than wind, and they are cheap to maintain once they are established. Hydroelectric power is even more reliable than tidal power, because it allows water to be stored to meet peak demand.

I also want to make a call for action on the renewable heat incentive. Last week, I saw a company in my constituency that turns methane from landfill sites into biofuel. The machines that the company uses to do that generate heat, which the company plans to use in polytunnels in Kent, allowing the strawberry-growers there to compete with our colleagues on the continent. What could be better than trying to use that long chain of renewable energy to provide yet more energy?

So what we need is cheap, reliable sources of energy and to have a better balance between onshore wind, which has such a high cost for communities, and other sources of renewable energy. In conclusion, onshore wind plays its part but as a country we need to balance the national priorities with the right of local communities to have their voices heard.

Mr Charles Walker (in the Chair): Order. We have an extraordinary number of colleagues who wish to speak. We have an hour and 40 minutes left before the wind-ups by the Front-Bench spokesmen, so I will leave colleagues to do the mathematics.

3.4 pm

Tony Cunningham (Workington) (Lab): I congratulate the hon. Member for South Northamptonshire (Andrea Leadsom) on choosing such a very important topic for debate today.

I do not want to be party political at all, but I gently point out to the hon. Member for North Wiltshire (Mr Gray) that at the last election my constituency covered about a third of the Lake district, including six lakes, some of the highest mountains and some of the most beautiful countryside anywhere in the United Kingdom, and it is represented by a Labour MP. Therefore, the idea that all Labour MPs represent "dark satanic mills " and so on is not quite the truth.

Mr Gray: I accept the hon. Gentleman's point. I absolutely apologise for my disgraceful slur. I just ask him what has happened to his colleagues who are not here today?

Tony Cunningham: There is no way that I can account for my colleagues. I can account only for myself.

As I said, I will not be party political. I want to speak on behalf of the people of west Cumbria, the area that I represent. The hon. Member for South Northamptonshire said very clearly, and I agree wholeheartedly with her, that we have to accept that there are two major problems: energy security and climate change. If we are to deal with both those problems, wind turbines must play their part.

However, let us take west Cumbria as an example. Recently, we have had a wind farm constructed offshore. On a good day, it produces probably enough electricity for about half the entire population of Cumbria. On a very good day, it produces even more electricity than that. I think that the people of west Cumbria would say, "It's large, it produces a huge amount of electricity, we'll put up with it because of the amount of electricity that it produces". Sellafield is about 15 miles from where I live. There will be a brand new nuclear power station constructed there, which will generate huge amounts of electricity. There is a plan—one that is only in its infancy—to build a barrage across the Solway firth, which would produce a large amount of electricity. To echo the point that the hon. Member for South Northamptonshire made, the wind blows some times and not at others, but the tide tends—most days—to come in twice a day, so tidal power is a very reliable form of energy.

The people of west Cumbria would say, "We've got huge offshore wind turbines, there are plans for a nuclear power station and plans for a barrage across the Solway. We are doing our bit, not just for Cumbria but for the entire United Kingdom. And yet they will still come to west Cumbria and say, 'We want to put three turbines in a field, generating enough electricity to boil a kettle on a good day.'" That is what people get annoyed about.

Stephen Barclay: The issue for many colleagues is not what is going on with turbines in their own constituency, but the lack of action on turbines in many metropolitan areas. Does the hon. Gentleman share the surprise that I experienced when I looked at the figures for this sector and discovered that the last Government set a 10-year target on renewable electricity, beginning in 2000 at 2.7% but only reaching just over 6% by 2010? Moreover, in 2009 they set an even more ambitious target, of 31% by 2020. Do those figures not surprise the hon. Gentleman?

Tony Cunningham: I strongly concur with the hon. Gentleman on one point. When I speak to groups in my constituency who talk to me about the visual impact, the noise and everything else associated with turbines that are proposed for their area, they remind me on many occasions that there are not a lot of turbines in Green park, Regent's park or any of the parks in London, or indeed any of the other areas where there are no wind turbines at all. Why is it that people come back time and again to a small area such as west Cumbria?

The point that I want to move on to is a cogent one. The question that those people in my constituency keep asking is, "Isn't there a balance? Isn't it tipped too far the other way in favour of wind turbines when it comes to the disadvantages that we're up against?" We are trying to protect the environment in a beautiful part of the world. We are trying to develop tourism not only in the centre of the Lake district, but across in west Cumbria. The balance in favour of wind turbines is being overtaken by the need to protect our environment and develop our tourist industry—that is the problem.

The Minister might be interested to hear that I wrote to the inspector to ask whether he or she would take into consideration the cumulative effect of having so many wind turbines in one area, shifting the balance against wind turbines. I got a letter back saying, "Yes, we will take into consideration the cumulative effect of so many wind turbines in one area." We have dozens and dozens of wind turbines in west Cumbria, and the local authorities turned the last two planning applications down. Those applications resulted in huge campaigns by local residents, and I spoke vehemently against both at the public inquiries. None the less, the inspector turned around and said, "Well, on balance, we'll allow them to go ahead."

What was slightly scary was when I got a phone call from someone who asked, "What can we do?" These are honest, decent people, who have reached the end of their tether. They are wondering, "What can we do? We've been to a public inquiry. We've done everything we legitimately can, but they still want to put three turbines in a field. These turbines won't generate a great deal of electricity, but they're going to blight the area." That is worrying.

Andrew Percy: I want to reinforce the hon. Gentleman's point. A planning application was turned down twice in my area and it recently went to appeal. Precisely because there would be a wind farm with 34 turbines opposite the proposed site and another wind farm with 18 turbines a little further up the road, and precisely because there was already a wind farm opposite with eight turbines, the inspector, rather than taking into account the cumulative impact, turned around and said, "Actually, this is a wind turbine vista. As such, people will not be impacted significantly by another eight turbines."

Tony Cunningham: I can only agree with the hon. Gentleman. These things sadden me. I do not want to get into the issues raised by the Localism Bill, but we are, rightly, concerned about generating enough electricity

and dealing with climate change, and the community is saying, "We'll help you. We'll agree to a barrage. We'll agree to offshore wind. We'll agree to nuclear. But in return, can you please prevent any more onshore wind farms from being built?"

The Minister of State, Department of Energy and Climate Change (Charles Hendry): Does the hon. Gentleman agree that one reason why these cases have often gone through on appeal is the regional spatial strategies and the regional renewable energy targets? Does he agree that it is absolutely right to remove those because inspectors have often used them to override a strong body of public opinion?

Tony Cunningham: Anything that helps to support people locally—anything that gives greater power to local people—must be welcomed, although if we imagine a different scenario, in which local people say that they do not want a nuclear power station, we would not say that, therefore, we were not going to have any more nuclear power stations. We cannot do that; there must be a balance. The point I am trying to make, however, is that the balance has gone too far.

Andrew George: The hon. Gentleman uses the word "balance". In a sense, he is advancing the argument that we need a balanced energy supply, and his part of the world is demonstrating that it has a balanced energy supply. However, is he saying that wind energy should never be used in the UK or that it should be used on occasion to contribute to the balance of energy supply sources?

Tony Cunningham: I am saying that. However, what people in west Cumbria are saying very clearly is that they have already achieved that. We already have offshore wind, plans for nuclear, plans for a barrage and lots of onshore wind. We have done our bit. The balance is therefore shifting too far against the environment and the development of tourism and in favour of onshore wind in small clusters, which—I say this with the greatest sincerity—do not make a huge difference.

To conclude, the people of west Cumbria have plans for other forms of energy. They are simply saying that enough is enough.

3.15 pm

Richard Drax (South Dorset) (Con): It is a pleasure to serve under you, Mr Walker. I thank my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) for bringing this excellent debate to Westminster Hall.

I represent the people of South Dorset, which includes East Stoke, a lovely village situated between Wareham and Wool. An application was made there for eight wind turbines, although the number has now been reduced to four. The stress, worry and concern that the application caused my rural constituents, not to mention the campaigning they have done, and the cost and travel that has involved, far outweigh the small amount of energy that the four turbines will produce, if they are indeed erected. We are talking about the big, 400-metre turbines, whose output is, as the hon. Member for Workington (Tony Cunningham) said, sufficient to boil a kettle. I agree that a big project such as a nuclear power station or an offshore wind turbine establishment is a different ball game. Indeed, plans are under way to have 180 giant offshore wind turbines, built by a company called ENERCON, off the Isle of Wight and south Dorset.

We talk about balance, and I have heard the word several times in the debate, which has been excellent and good-humoured, as has been said. Surely, however, common sense, if I dare use those two words, should be the judge and jury when determining whether something such as an onshore wind farm is erected. Do we need onshore wind farms to keep the lights on? The answer, in my humble opinion, is no. What we need are new nuclear power stations to keep this country—an island nation—free and independent so that we are not at the mercy of people who import gas and oil, or others. We will be able keep the lights on and tell our constituents that when the lights do go on, they will remain on for the next 10, 20 or 30 years because we have invested in this country's future. We do not, therefore, need onshore wind farms. With offshore wind farms, the issue is debatable, although I would rather the wind farms were out there, where we cannot hear them, than onshore, where we certainly can.

At this point, I declare a personal interest, before I am hoist with my own petard. A wind company proposed to build 16 giant, 400-metre wind turbines on my land. Between my experience of looking at the issue as a landowner and the experience of those who saw themselves as the opposition—the local residents fighting to stop me—it was an interesting three months. Rather than just throwing the proposal to the wind and saying that I would not consider it, I spent three months looking at it, which included a trip to Germany. Interestingly, the wind farm company said that I was the first landowner ever to ask to go to see a giant turbine. My hon. Friend the Member for North Dorset (Mr Walter), who is in the Chamber, knows all about the proposal because he campaigned against it.

Off I went to see the giant turbines. Four other farmers and I stood 1 km away, 500 metres away and literally on people's doorsteps. We listened, we asked questions and we learned an awful lot. It is possible to hear these monsters; they make a huge woofing noise. Although there were many other factors, what finally convinced me was a psychiatrist from Denmark who was heavily involved in cases there. I asked him, "If people hear these wind turbines, will it affect their health?" He said, "Richard, the point is, even if they don't hear them—even if they think they hear them—it will have the same effect as if they do." That is an interesting point, because people may be affected by something, often when they do not even hear it. Because of the flicker and many other arguments against the proposal I was finally convinced and said to the company, "No, I'm sorry. It is a non-starter."

Sadly, all the onshore wind farms are, as has been mentioned, in rural constituencies, which are heavily represented here today, and not least in the mountains of Scotland and Wales—some of the most beautiful parts of our country. Let us face it: we live in an island that is overcrowded; with respect to population we are as bad as Malta. There are few areas left in this country where someone can go for a walk and enjoy the beauty of this island.

Karen Bradley (Staffordshire Moorlands) (Con): Does my hon. Friend agree that there are two types of environmental damage: that caused by carbon emissions and that caused by putting wind turbines in some of the most beautiful parts of the country, which will ruin them for ever?

Richard Drax: I agree. The argument put to me by the wind company was that wind turbines can be taken down in a day. I suppose that there is a certain argument that a nuclear power station cannot be taken down in a day. It takes decades, so in that sense the statement is true; but there is still a huge concrete plinth stuck in the ground.

My argument is that rather than looking at the issue from a balanced point of view, or any other point of view, we should look at it from the common-sense point of view. I implore the Minister to include wind farm applications in the Localism Bill so that when constituents such as mine in East Stoke stand up and say "We do not want this here" their voices are heard. That is the local issue. As for the national issue, we should apply a little more common sense so that we rebuild our nuclear power stations to keep an independent country where we pay for our own power and are strategically safe and where, most important of all, the lights stay on in the years to come.

3.22 pm

Graham Evans (Weaver Vale) (Con): It is a pleasure to serve under your chairmanship, Mr Walker. I am delighted to speak on this subject and I congratulate my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) on securing this very timely debate. She is an excellent champion of her constituents on the issue and deserves considerable credit for her efforts.

I confess that I am an enthusiastic fan of renewable energy, for many reasons. It is vital that we diversify our energy sources and find cheaper, cleaner, greener ways of powering our economy. The last Labour Government left us in a real mess over energy policy. It is no secret that our ageing nuclear power stations will have to be decommissioned soon and that our North sea gas and oil reserves are running low. That Government responded with indecisiveness, leaving us in a situation where we may have to be more dependent on foreign fossil fuels, which is environmentally undesirable at best and dangerous to our energy security at worst. To put the debate in context, Britain faces the possibility of power cuts and much higher carbon emissions. That extremely worrying situation does not get the attention it deserves, perhaps because it is not seen as exciting or immediate; but we should make no mistake—it is one of the most important issues facing our country at present. After all, it is impossible to encourage private investment in a country that cannot keep the lights on.

Before I depress everyone with gloom and doom, I should say that I am an optimist. I have every confidence in the abilities of mankind to develop the technologies necessary to cope with those challenges. History teaches us that if there is a necessity, our brightest engineers and inventors will find a way, like grass growing through the cracks in the concrete. I fundamentally believe that a new generation of nuclear power plants will be an essential part of the mix, providing security, reliability and very low carbon emissions. Conversely, I do not believe that the case has been made for onshore wind energy at present. In my view, onshore wind power is vastly inferior to the offshore variety, which has two key benefits. It generates more power and has the advantage of not being on beautiful British countryside or too close to homes.

I want to talk specifically about an application to build a wind farm in my constituency very close to the beautiful market town of Frodsham. Peel Energy is applying to build at least 20 125-metre-tall wind turbines on Frodsham marshes, which is an important wetland habitat for numerous bird species. This year marsh harriers, which are birds of prey rarer than the golden eagle, nested successfully on the deposit bed where the majority of the turbines would be situated. Highly respected bodies such as the Royal Society for the Protection of Birds, Natural England and the National Trust have objected vigorously to the proposal. That highlights one of the many problems with onshore wind energy.

A further problem is that of proximity to residential areas. The proposals in my constituency would lead to the construction of England's second largest wind farm less than 2 km from 14,000 of my constituents' homes. It would also be entirely within an important area of green belt—the only significant green area on the south bank of the Mersey between Runcorn and the sea. Anyone local to the area knows that the green belt is an essential green lung sandwiched between the refineries of Ellesmere Port and the chemical works at Runcorn. However, hon. Members should not let that description give them an inaccurate impression of the area. The countryside surrounding Frodsham, Helsby and their hills is some of the finest that Cheshire has to offer. Indeed, I have a magnificent painting hanging on the wall in my office of Helsby hill as seen from Frodsham. That, again, illustrates the problem with onshore wind energy. While wind turbines generate electricity only for an estimated 25% of the time, they are a blot on the landscape of beautiful countryside 100% of the time. For my constituents, that is unacceptable.

Mark Pawsey: Can my hon. Friend tell us whether the applicant has provided any evidence that the site in question has sufficient wind power to generate the kind of energy that the country needs?

Graham Evans: The applicant has given some information but as I shall say shortly, it has been dismissed by local campaigners. It is a generic, ambiguous evidence statement, which can easily be contradicted.

Another crucial factor against onshore wind energy is lack of public support. Opposition to the wind farm at Frodsham is overwhelming and I pay tribute to the local campaign group, Residents Against the Wind Farm, or RAW. I mentioned nimbys earlier today on the issue of high-speed rail, but that is not a label that can be attached to RAW. They have made evidenced-based and sensible objections, which dismiss the applicant's evidence. I hope that Ministers are listening and that they will take the right decision on the application at Frodsham marshes.

Matthew Hancock (West Suffolk) (Con): I attest to the beauty of Frodsham and Helsby hills, which my hon. Friend talked about. The area is almost as beautiful

as the area near Clare in my constituency, where there is a proposal for a six-turbine wind farm, to which I am strongly opposed. There, too, residents formed an action group, Stop Turbines Over Clare, and I commend them for that. They also found that wind speeds are much lower than the applicant suggested. I hope my hon. Friend will agree that the Minister needs to look at objective measures of where the wind is. Does he agree that often the choice of where proposals are made seems entirely random and does not take into account local populations or the beauty of the local environment?

Graham Evans: I agree that there is an underlying theme that the evidence submitted by applicants is dubious, to say the least. It always strikes me that lay people use common sense to look at the applicants' figures and dismiss them.

The case for onshore wind energy has yet to be made convincingly. We must pursue energy diversification and encourage the development of new and improved renewable technology, but we should vigorously oppose attempts to force through every application for wind turbines, no matter how poorly thought out and inappropriate for the area.

3.29 pm

Mr Robert Walter (North Dorset) (Con): I am delighted to speak in this debate and to support my hon. Friends. I can claim to have successfully fought off four applications for wind farms in my constituency over the past 10 years. There is another one before us at the moment. My hon. Friend the Member for South Dorset (Richard Drax) referred to one of those areas in the beautiful Winterbourne valley, which, although not in an area of outstanding natural beauty, is sandwiched between two AONBs. The wind does not blow that often.

We had another application, for the village of Cucklington on the Dorset-Somerset border. Technically, the village is not in my constituency but in that of the hon. Member for Somerton and Frome (Mr Heath). However, I can claim to have been part of the campaign because the proposed turbines were within 100 yards of my constituency boundary, so my constituents would have been affected.

Two years ago, the same applicant came back with an application for a site not far away, adjacent to the small village of Silton. Silton has a delightful Saxon church, is within sight of two National Trust properties and is overlooked by the Cranborne Chase and West Wiltshire downs area of outstanding natural beauty. I am pleased to say that we successfully defeated that application as well.

The argument that we advanced against the applications was on three grounds, the first being environmental. The 100 to 120-metre-high structures in beautiful open countryside are a blot on the landscape. Secondly, in the areas where the applications have been made, there is little evidence that the wind blows for more than 20% of the time, and on cold mornings when everyone wants to put the kettle on, and perhaps the electric fire because the central heating has not quite warmed the house up, there is no wind at all, so we depend on other sources of electricity. Thirdly, in the last application we considered, the applicant's business case was very much based on the 60% revenue subsidy that he would get from the rest of us to erect and run his wind turbines. The case did not stand up economically.

I am a great supporter of renewable energy, and believe that there is a very good case for offshore energy, which we should look at. As a sailor, I know that the wind blows off our coasts pretty strongly on many occasions. We should also look, as other Members have suggested, at other better renewable sources, and I certainly include nuclear, which I believe has a proven track record that stacks up very well.

I want to raise my deep-seated concerns about the effectiveness of onshore wind power in meeting our future energy needs and in tackling the huge challenge we face on decarbonisation. I shall outline my concerns in the national context, and then return to the effect on the residents of my constituency of the relentless focus on this particular source of renewable energy.

I assure the Minister that some of my constituents listened in despair to the Secretary of State's recent comparison of these vast 120-metre-high structures with 200-year-old windmills. I have yet to see a historic windmill standing taller than Salisbury cathedral or the Statue of Liberty. I am aware that in expressing the genuine concerns of thousands of my constituents about the proposed developments and the reliability of onshore wind as an energy source, I shall no doubt be subject to cries of nimbyism, or negative localism as some people now prefer to describe it. I recognise that there are many and contradictory views on the efficiency, economic viability and reliability of wind turbines in meeting our energy needs; some are strongly in favour, some strongly against, and many more are still undecided. Part of the reason for that divergence is, I believe, the distinct lack of independent and verifiable data on the impact and performance of individual renewable energy generators. Clearer data would help experts and local communities better to judge their energy contribution against loss of amenity, which I shall come back to in a moment.

People who are strongly in favour of onshore wind have for many years cited the experience of our European neighbours as grounds for the UK's previously single-track policy on renewables. Indeed, the previous Government's relentless focus on onshore wind power was undoubtedly to the detriment of research and development into alternative means of reducing our CO_2 output, such as offshore wind, biogas, nuclear, and carbon capture and storage, not to mention tidal and wave energy, which has been talked about, solar power and even ground source heat pumps. That legacy has left us poorly placed in Europe on renewables, and I therefore fully commend the Government's policy of looking at a much wider network of energy solutions to meet our legally binding climate change obligations. It is also noteworthy that both France and Denmark are now backtracking on onshore wind development and we, in the UK, should be asking why.

This might be an apt moment to raise another concern about the use of renewable energy data. Last July, when the Secretary of State made his annual energy statement, I rose to welcome his statement on the low-carbon economy and his commitment to offshore wind, and I commented on the high level of subsidy paid to onshore wind farm developers. I then asked the Secretary of State to confirm that any judgment on the application in my constituency—to which I have referred—would rest with the local planning authority. He responded by confirming that it would, but also said that the most recent study by Mott MacDonald had shown a dramatic

[Mr Robert Walter]

reduction in the cost of onshore wind, with the result that it was deemed competitive, on the free market, with other sources of energy. He went on to say that we have seen the cost of onshore wind

"come down dramatically precisely because of the encouragement of the public sector."—[*Official Report*, 27 July 2010; Vol. 514, c. 876.]

I followed up that statement and, drawing from the "UK Electricity Generation Costs Update" study, found that I was far from alone in my surprise that onshore wind was suddenly being declared cost-competitive by comparison with conventional power generation. In fact, commentators of all persuasions who had read the report were keen to point out the significant omission. An article on the report by NewEnergyFocus in June 2010, states:

"Only costs borne by the owner in relation to the operation of a project have been considered, with special revenue support measures, such as Renewable Obligation Certificates (ROCs), not taken into account. As a result, Mott MacDonald stresses that the findings should be handled with care and are dependent on a complex set of factors which may change."

More detailed examination of the figures also reveals the application of an additional carbon cost to gas and coal generation that has the effect of bumping up the cost-competitiveness of onshore wind.

I share the concerns of colleagues who were able to take part in the debate in Westminster Hall last October about the removal from Hayes McKenzie's 2006 report—on the instructions of the then Department for Business, Enterprise and Regulatory Reform—of highly pertinent World Health Organisation guidelines that suggested a lower level of night-time noise than in current planning guidance. Our local authorities must have access to all the information on this complex subject before they can be expected to make a truly informed decision, which after all, is all that the people of Silton and West Bourton ask for.

Noise may be of as much, if not more, concern for residents living adjacent to smaller wind farm developments. The latest four-turbine proposal for a site near Silton is for larger wind farms that would by their very nature have to be sited much further from people's homes. I have received more than 2,000 letters and e-mails objecting to the current application for a wind farm at Silton, citing among other reasons concerns about noise nuisance, the negative impact of industrial development on the beautiful Blackmore Vale landscape and below-average wind speeds resulting in a minimal contribution to our national energy production.

Despite revisions to an earlier application for six turbines that was rejected by the local council, the closest residents still live less than 675 metres from the nearest turbine blade. Four other properties, one of which is a thriving business providing holiday lets that relies for survival on the area's unspoiled location, are less than 975 metres away. In an attempt to emphasise a positive view of onshore wind among the general population, the developer, Ecotricity, included in its planning statement information from a survey conducted in 2009 indicating that most individuals are happy to live within 5 km of a wind farm. I am sure that my constituents would be considerably happier about the wind farm proposals if they lived 5 km away.

The Localism Bill was mentioned. I will not go into that, but it is intriguing that in the two years since the last application at Silton, the applicant has been measuring wind speed and frequency on the site, yet his latest application to the local authority contains none of the data from those measurements. He continues to rely on extrapolated regional data. That prompts the question: what was wrong with the data from the site?

The last application on the site was recommended for approval by the local authority planning officers. I am pleased to say that North Dorset district council's development control committee rejected it unanimously. Interestingly, the applicant did not appeal, but we will do battle again over the application on 1 March. I will certainly add my voice again to those that say that four 120-metre industrial structures are unsuitable for the beautiful Blackmore Vale, within sight of two National Trust properties and an area of outstanding natural beauty. It is clear that the wind there blows less than 20% of the time, and the noise and flicker consequences for those living less than 700 metres away are unacceptable. The scheme depends totally on the 60% revenue subsidy that it is likely to receive. I will therefore be among those who appear at the planning committee meeting, to ensure that my constituents' voice is heard yet again.

3.43 pm

Mr Graham Stuart (Beverley and Holderness) (Con): It is a pleasure to serve under your chairmanship for the first time, Mr Walker. I represent Beverley and Holderness. The Holderness plain is a flat area with a large skyline on the east Yorkshire coast. Unfortunately, it does not lack wind, so I cannot use that in defence of my constituents. What it does have is a tremendous flat landscape with some of the most productive farmland in the country, the towns of Withernsea and Hornsea and a collection of villages and hamlets. Funnily enough, the people who live there love the landscape in which they live. They appreciate it. It might not be an officially designated area of outstanding natural beauty, but the people who have chosen to live there adore it, and they wish to feel that they have control over it.

We have heard different arguments from different Members about onshore wind. To sum up the central point made by Conservative Members and the hon. Member for Workington (Tony Cunningham), local people should decide on local wind turbines. There is a qualitative difference, not to mention a quantitative one, between a nuclear power station, which makes a huge contribution to national energy needs, and individual wind turbines. All the components of the coalition Government promised local people that they would have a greater say. We can tell the worm has turned when a Labour Whip starts to say so, as the hon. Gentleman did passionately and vehemently today, although, to chide him, I wonder whether he made the case so forcefully to Labour Ministers, who introduced the appallingly centralised, arrogant and overweening system in which local people's opinions are routinely overturned. He is nodding to say that he did. I congratulate him on that, and naturally I believe him.

The situation that the Government have inherited in terms of local democracy is unacceptable. It cannot be right, when local councillors, residents, MPs and everybody else in an area agree that a potential wind farm is not correctly sited, that they should be overturned by

Obergruppenführers from some inspection regime in Bristol. It is not acceptable. The central thread of the manifesto on which Liberal Democrat and Conservative Members were elected last year was a promise that there would be a change. I believe that we can deliver more onshore wind turbines if we respect local people's views and do not set up the expectation that their views are meaningless and that they are wasting their time trying to make their voices heard at meeting after meeting. If we tell them that they will benefit and if they can make that assessment without being overturned, we have more chance of developing a greater constituency of people who recognise the need to green our energy supply and are happy to have onshore wind as an appropriate part of an energy mix and not inappropriately sited.

Graham Stringer (Blackley and Broughton) (Lab): I agree with what the hon. Gentleman and others have said about local people's right to decide on wind farms, but the last thing that he said is the first thing with which I have really disagreed during the 45 minutes that I have been in the Chamber. There are not only good local reasons to stop wind farms; at a national level, they are ineffective and inefficient at contributing to the energy supply. Not only do they require huge subsidies, but they must be backed up by coal-fired stations running at lower efficiency just in case the wind does not blow. On many occasions in this country, although the wind may be blowing, it blows at only 1 or 2 mph, which is not sufficient to power the generators.

Mr Stuart: The hon. Gentleman leads me on neatly to the next part of my speech. My point is that it should primarily be a decision for local people and that although onshore wind might have a part to play, the central task in dealing with climate change in this country and globally is to reduce the cost of cleaning up our energy supply. We must live sustainably on this planet with lower emissions, due to the potentially catastrophic impact of those emissions on climate change. I do not know whether the science is right, but the risk that emissions could have deleterious effects on the globe seems sufficient for us to take action. The only way to do so, given economic pressures and the fact that so many people live in poverty, is to drive down cost.

We have a finite amount of money; ever less, since the hon. Gentleman's party was in Government. Is it best expended in subsidising unpopular, small-scale wind farms scattered around the country that turn people against the green agenda and deliver precious little in return? I suggest that it is not. In line with what he said, we must consider where we can play a leadership role and how our limited resources—financial, intellectual, geographical—can be harnessed for the global good.

We are a global leader in offshore wind. We now produce 1.3 GW of offshore wind, I think—the Minister will correct me if I am wrong—and aim to produce 33 GW by 2020, which will keep us narrowly ahead of what the Chinese are planning, although it is worth saying that when the Chinese plan something, they have a tendency to do it, while we have a tendency to talk about it without doing it. However, that aside, offshore wind provides the opportunity for scale and investments such as those made by Siemens, GE and other companies elsewhere if the Government do everything possible with the limited money that they have to develop a supply chain that can drive down the costs of offshore wind. If they do, there is every reason to believe that within relatively few years, the currently high costs of offshore wind can be driven down below the costs of onshore wind and make a long-term contribution. The Minister shakes his head, in which case I would question whether we should have any form of wind energy if we cannot drive the cost down. The central task in tackling climate change is to find ways of greening what we do at an acceptable, lowest possible cost. Everything we do and every time we spend money should be designed for that purpose.

I have some questions for the Minister. I have been led to believe that Ministers are personally committed to making the local voice stronger. Indeed, my hon. Friend the Under-Secretary of State for Communities and Local Government, the Member for Bromley and Chislehurst (Robert Neill) has said:

"To be successful it is vital to have broad public support and the consent of local communities. This includes giving communities not only a say, but also a stake, in appropriately-sited renewable energy projects like wind farms."—[*Official Report*, 2 June 2010, Vol. 510, c. 36W.]

Some people call it a bribe to have something unacceptable, but if something is going to happen and the local community has the final say and decides that the benefit outweighs the disbenefit, who are we to stop it? I support that. When are this Government going to overturn the monstrous inheritance of centralised control and replace it with a local voice? That is what I would like to hear from the Minister.

When will the Minister introduce regulatory protection, which others have talked about? Other countries have a distance limit. Does the Minister see no merit in having a distance limit of some description so that no turbine can be erected within—pick a number—1 km or 1.5 km? Is that possible? That would give reassurance and show that the voices of protest around the country had been listened to by a listening Government. I would love to hear the Minister say that he will consider doing that, so that a wind turbine may not be erected within a certain distance of a domestic dwelling without the permission of the home owner.

Many others wish to speak. I hope that the Government will allow the local voice to be dominant. We should let local people who take a wind turbine to have a share in it, but we should also make sure that we focus what little resource we have on that which will make the greatest contribution to reducing emissions and to leading us all to live sustainably.

3.52 pm

Philip Davies (Shipley) (Con): It is a pleasure to serve under your chairmanship, Mr Walker. I apologise to you and to the Minister in advance, because I may not be able to stay for the whole debate. I congratulate my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) not only on securing the debate, but on her fantastic speech. I hope that, if nothing else, this debate will show the Minister the strength of feeling on the issue.

I, too, approach the issue from a local interest, namely the proposed development of a wind farm in the village of Denholme, which is on the edge of my constituency. My constituents and I are wholly opposed to it, and it has made me look further into the benefit of wind farms. I want to talk about the bigger picture rather

[Philip Davies]

than focus on my particular area, because I think that wind farms are one of the biggest scandals in public policy. The more one looks into the issue, the more of a scandal it becomes. People might refer to my constituents and me as nimbys and use it as a term of abuse, but I would take it as a compliment—I am proud to be a nimby. By definition, nimbys are people who are concerned about their local area and community. We should not be disparaging about that; we should be proud of being nimbys.

I speak as one of the five MPs who voted against the Climate Change Act 2008 in the previous Parliament. It is a great irony that those environmentalists who are such zealots for things like wind farms are prepared to see such damage done to the local environment by wind farms being put up in the most inappropriate locations. We really need a change of tack.

It is surprising that no one has yet pointed out that one of the Government's problems is that wind farms are a huge part of their attempts to deliver a renewables obligation that has been handed down to this country by the European Union. This Government therefore feel that they have no option but to go down that route, however desirable or undesirable it may be. I do not think, however, that that is a good enough reason to impose such a ridiculous policy on this country.

Many green activists may have us believe that wind farms are a painless panacea and that they are marvellous and very green, but that is nonsense. My constituents want to know how much this is going to cost them. How much will it add to their bills? To be fair, the Department of Energy and Climate Change has been open and honest about the issue. It has made it clear in parliamentary answers that there will be a rise in gas and electricity bills of 18% and 33% respectively for domestic consumers, and of 24% and 43% respectively for medium-sized businesses. That means that, by 2020, the average annual domestic electricity bill will have risen by £105, and that the average medium-sized non-domestic user will face rises of £246,000. That is an increase in their energy bill just in order to follow this particular policy.

It is a ludicrous situation. We are trying to encourage and help our manufacturing businesses—we have a crisis in this country with people relocating their manufacturing business elsewhere—but the Government are pursuing a policy to add a quarter of a million pounds to their energy bills, and we wonder why companies relocate to countries such as China, where they can churn out whatever they want because they do not really care about this. The Government need to do some joined-up thinking.

We seem to not want to upset the green zealots who send us postcards from Friends of the Earth, but why not be honest about what their policy actually means? It is easy to say, "Yes, I agree with your postcard about green energy," but why not be honest? What they are actually saying is, "We want to add all this cost to your energy bill and to those of manufacturing businesses, and we want them to relocate abroad."

Huw Irranca-Davies: Will the hon. Gentleman give way?

Philip Davies: I hope that the shadow Minister will be honest about what he believes.

Huw Irranca-Davies: That is why I am intervening. I am sure that the Minister will reiterate what I have to say. Would the hon. Gentleman care to comment in his passionate oration on the current comparative prices between ourselves and France and Germany, which are two of our nearest neighbours, and how we compare internationally as a place to do business in terms of electricity and energy generation prices?

Philip Davies: I am pleased that the shadow Minister has mentioned that, because I will mention some illuminating international comparators in a moment. As my hon. Friend the Member for Beverley and Holderness (Mr Stuart) has made clear, there is no evidence that our constituents are prepared to pay more for their electricity in order to pursue these polices. In fact, only 15% of people polled said that they were either "fairly" or "very willing" to pay higher electricity prices if the extra money funded renewable power sources such as wind.

Mr Graham Stuart: My hon. Friend is making a powerful point. The costs, as I mentioned in my speech, are a paramount issue. To correct him on one point, the Chinese are not in the position that he says they are. In fact, they announced recently that they will pass a comprehensive law next year. It is not yet as tight as ours, but the truth is that they recognise, as do others around the world, that we need to find ways to drive down the cost and emissions. We are not Don Quixote, alone in our tilting at windmills.

Philip Davies: Perhaps we will be gracious enough to introduce those kinds of limits when we have about 80% of the world's manufacturing in our country. Given that we are not in that position, I would like to think that my hon. Friend would like to help the manufacturing industry in this country.

The bottom line is that these policies will produce for Britain the most expensive electricity in the world if we carry on down this particular route. Is it morally or politically acceptable, particularly at a time of national austerity when families are struggling to pay their bills, for the Government to keep raising them just to meet an EU target? I do not think it is. It will hit the poorest people in our communities first.

I do not understand why the people who propose these green policies are so shy about it. Anyone can say that they are in favour of green energy. It is like asking someone, "Would you like a Rolls-Royce car?" Most people would say, "Yes," but if one were to ask, "Would you like a Rolls-Royce car? You'll have to spend the rest of your life living in a tent to pay for it?" they might say, "No." If we ask people whether they are in favour of green energy, they say, "Of course we are—it sounds marvellous." However, if the hon. Member for Ogmore (Huw Irranca-Davies) were to ask them whether they were prepared to pay astronomical bills in order to pursue that, I think that he might get a different answer.

Huw Irranca-Davies: Will the hon. Gentleman give way?

Philip Davies: I have given way enough, and others want to speak. The point is that I find it nauseating to hear politicians for ever bleating on about how terrible

fuel poverty is when those very same politicians advocate policies that entrench fuel poverty in this country and make it worse. They should be honest about what they are doing. They cannot in one breath say, "I want to see more wind power in this country; it will add this amount of money to people's bills," and in the next breath say, "Isn't it terrible how bad fuel poverty is?" I find that nauseating.

At the moment, Britain is only obtaining a fraction of its electricity from renewable sources. That will have to be expanded massively to hit these targets. The wholesale price of that quantity of electricity is about £1 billion. However, on the renewable obligation, the complex subsidy paid to generators but drawn indirectly from bills adds a further £1.4 billion to those bills. That more than doubles the cost to the British consumer. If 30% of UK electricity is to be renewable in 2020, an ongoing annual subsidy of £6 billion a year or more is required. That is before all the hidden costs of major grid expansion and so on.

Graham Stringer: Will the hon. Gentleman give way?

Philip Davies: I need to press on because other hon. Members want to speak.

What is worse is that the National Audit Office has identified wind power as being one of the most expensive ways of reducing carbon emissions, with recent reports claiming that abating 1 tonne of carbon costs between £280 and £510, compared with £10 to £20 per tonne in the European emission trading scheme. There seems to be no light at the end of the tunnel. When I asked the Minister a parliamentary question about these issues, he replied that the Government have spent £2.2 billion supporting wind energy between April 2002 and March 2010 and that, despite that huge outlay, they have found it impossible to predict when the energy source will prove profitable without grants. The Minister stated:

"We expect that over time we will be able to reduce support for wind power and other renewable energy technologies as they become more economic, but it is not possible to put a specific timescale on this." —[*Official Report*, 8 February 2011; Vol. 523, c. 185W.]

I was also struck by the comment about wind speeds and the extent to which they are brought to bear on planning decisions on wind farms. I asked the Government about that last year in a parliamentary question that states:

"what guidance his Department issues to planning authorities on taking into account prevailing wind speeds in determining planning applications for wind farms."

I would have thought that that would be pretty obvious to most people. I was appalled—although perhaps I should not have been surprised—to be told in the answer that the advice is that

"local planning authorities should not make assumptions about the technical and commercial feasibility of...projects and should not reject planning applications simply because the level of output is small."

The answer goes on to state that local authorities

"should not question the energy justification for why a proposal...must be sited in a particular location" —[*Official Report*, 3 November 2010; Vol. 517, c. 818W.]

Basically, wind speeds are not to be taken into account whatsoever when determining planning applications for wind farms. You could not make it up, Mr Walker.

Wind farms are very inefficient. In fact, during the chilliest periods, when demand is often greatest for electricity, most of the 3,000 wind turbines were virtually stationary. They were working at less than a 100th of capacity and producing electricity for fewer than 30,000 homes. A report by the John Muir Trust—one of Scotland's leading conservation bodies—found that wind turbines are 25% less effective than claimed. For a total of nine days during some of the coldest periods, output dipped below 10 MW, which is barely enough to boil 3,000 kettles. The situation is absolutely ludicrous.

I could talk about many other issues. Noise is certainly one problem. I reiterate the comment made by my hon. Friend the Member for Beverley and Holderness about having distance guidance on where these things could be sited. Scotland has guidance on such matters, as does Wales. I hope that the Government will introduce such guidance for England, too. There are also concerns about wildlife.

My hon. Friend the Member for South Northamptonshire made a great point about the problems in Denmark, but I do not think she mentioned this point, although she may well have done. As the hon. Member for Blackley and Broughton (Graham Stringer) mentioned, the conventional power plants have to keep running at full capacity in case the wind does not blow sufficiently. As a result, the increasing demand for coal needed to plug the gap in Denmark left by underperforming wind farms meant that Danish carbon emissions rose by 36% in 2006. That was when Denmark was massively expanding wind farms. It seems bizarre to say the least. Reports have shown that Danish gross domestic product is approximately 1.8 billion krone lower than it would have been had it not embarked on such an energy policy.

The hon. Member for Ogmore asked for international comparators. In Spain, in 2007, a law passed by the Prime Minister guaranteed producers a so-called solar tariff of as much as 44 cents per kilowatt-hour for the electricity for 25 years, which is about 10 times what they would be able to get on the wholesale market. That has nearly bankrupted Spain, which has obligations of about €126 billion to meet.

There are alternatives, one of which I want to draw to people's attention briefly. Calor has developed a liquefied petroleum gas fuel cell boiler that has the potential to deliver 50% reductions in carbon emissions in existing homes. It does not require huge subsidies or place a huge burden on the economy, and it reduces fuel bills, rather than increasing them. The technology is practically and commercially available. The boiler is based on clean technology—cleaner than oil, coal and biomass—and I urge the Government to consider some of the other options, rather than pursuing a blinkered approach that results from the belief that wind farms must be good because they sound green. They are doing huge damage to not just our local communities, but local households, which are faced with increasingly big bills to pay for the policy. Such an approach is also damaging our manufacturing industry, as it simply cannot afford it.

4.6 pm

Chris Heaton-Harris (Daventry) (Con): I congratulate my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) on securing the debate. She might call me windy—maybe I am occasionally full of hot air

[Chris Heaton-Harris]

—but she has done very well to secure the debate. I impress upon hon. Members the importance of signing up to her excellent amendments to the Localism Bill.

It is a shame that the debate is taking place in here and not the main Chamber. We are not in the main Chamber because an important debate on votes for prisoners is going on, but how many more people would be present if another important debate were not taking place? I emphasise to the Minister that there is a very big political push behind the matter. Many hon. Members were present when I introduced my Adjournment debate in this place on the subject and they sponsored my ten-minute rule Bill on the matter. I would like to think that there is a growing level of support for people who are rightly questioning the value of onshore wind.

The Minister will know that I consider onshore wind to be about as useful as a cat-flap on a submarine when it comes to fulfilling renewable objectives. What it does for the economy can only be described as bad. My constituency is pretty much flooded with proposals for wind farms. I managed to get them rejected in Kelmarsh and Harrington. I mentioned Yelvertoft, which was passed by the Planning Inspectorate. Other proposals include: Watford Lodge, Watford Gap, Lilbourne Fields, Winwick Warren, Boddington and Hanging Houghton, the proposal for which has fortunately gone away. There are loads and loads of these blooming proposals coming out of the woodwork because people are basically subsidy farming. They are taking the cash that the Government are offering, which is way in excess of what it should be.

A number of hon. Members have mentioned campaigns in their own areas. They will all know that, in every campaign, there are people who are genuinely worried about what is going to happen to their property if it is near any proposal, so they turn themselves into fantastic experts on the subject. Such people have helped me with my contribution today. In my constituency, Trevor Sherman, Richard Cox, Adrian Snook, David Unwin and Richard Humphries have all become absolutely brilliant experts in this field. They noticed that the Department has issued a consultation on the revised draft policy statement EN-3 on renewable energy infrastructure. I wanted to pick up a couple of things on that because they are directly related to what we are talking about.

First, a number of hon. Members have alluded to the problem of noise. The Minister and I have been in correspondence because I wanted to recommend an expert to peer-review the ETSU-R-97 noise guidance. I am troubled by the Hayes McKenzie proposals. ETSU-R-97 contains fundamental errors, which means much time and money is wasted by public inquiries and in debating how to remedy those flaws. The Government's current response is:

"There is no substantive evidence to demonstrate that the fundamental guidelines are unsound and the Government therefore has no plans to revise them."

Actually, I think that it is very easy to demonstrate that ETSU-R-97 is incorrect. For example, the guidelines are predicated on a fundamental misunderstanding of how wind speeds vary with height and weather conditions, and thus the guidelines underestimate noise impacts. The evidence for that is covered in a series of peer-reviewed scientific papers by van den Berg dating from 2003, and the point has been widely accepted in the scientific world and by planning inspectors.

The ETSU-R-97 guidance on noise conditions is deficient at the most fundamental level. For example, the guidance fails to specify that noise compliance measures be taken with the wind blowing towards a complainant's property; that they should be taken at the appropriate time of day and in similar meteorological conditions to those which triggered the complaint; or that they be taken with the turbines working, or working in a normal mode. The absence of those requirements renders the guidance at best vacuous or at worst harmful to the public interest.

On the issue of peat, there can be no reason why wind farms should be built on, or in close proximity to, peat. To do so releases so much carbon dioxide that any good that might be done by installing wind turbines is reduced.

My hon. Friend the Member for South Northamptonshire talked about shadow flicker. Yet again, the Department's revised draft national policy statement for renewable energy infrastructure, EN-3, repeats the unsubstantiated claim that shadow flicker only occurs within 10 rotor diameters of a turbine. In correspondence with the Department of Energy and Climate Change last year, the Renewable Energy Foundation requested the source from which this statement was derived and was informed that it was a paper written by A. D. Clarke in 1991 for the Open university, entitled "A Case of Shadow Flicker/ Flashing: Assessment and Solution". However, on examination the REF found that that paper does not prove the 10-rotor-diameter claim. In fact, its recommendation was that

"turbines should be sited at least ten diameters distance from habitations, and more if sited to the East/Southeast or West/Southwest, and the shadow path identified"

On a point raised by my hon. Friend the Member for Beverley and Holderness (Mr Stuart), I wondered, because there is so much angst on the issue, whether the Minister would kindly explain, in the simplest of terms, the reasons behind and the meaning of today's article in *The Daily Telegraph* about localism and incentives. I think I welcome that, but I am not entirely sure. If the Localism Bill becomes law as it stands, will the Minister confirm that it would be down to neighbourhoods, in conjunction with the districts and boroughs in which they reside, to choose to have wind farms of up to 50 MW, whether they are incentivised or not? That would solve a huge number of problems for all of us in the Chamber.

Andrew Percy: My hon. Friend is on entirely the right point, but we also need clarification on what exactly the appeal process will be. We have not had that in previous debates with local government Ministers. We are not yet clear what the appeals process will be and we need to know that residents will have the final say and that they are not going to risk getting it peeled off to somewhere down in Bristol again.

Chris Heaton-Harris: I completely agree. I was actually about to come on to that in the next couple of sentences, so I will not talk about that in order to give hon. Members more time to speak.

It would be very helpful if the Minister could outline both what the Localism Bill means for onshore wind farms of less than 50 MW, and any appeal process after that.

Finally, the Minister, the shadow Minister and I enjoyed a couple of hours together, a couple of Wednesday mornings ago in European Committee A, talking about energy. The Minister, in answer to one of my questions, said:

"We have expressed concern that feed-in tariffs were not intended to be used to convert farms, which could produce crops, into large solar farms".—[*Official Report, European Committee A*, 2 February 2011; c. 17.]

and that things were being adjusted to stop that happening. If an excessive subsidy in one area of renewables leads to unforeseen consequences and it is of detriment to the local environment, it would be wise and sensible to apply that same logic to onshore wind, where excessive subsidy is causing even more concern across the whole country.

4.14 pm

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): I congratulate my hon. Friend the Member for South Northamptonshire (Andrea Leadsom), who has demonstrated, if anything could, that this is no longer a particular constituency problem, but a national issue that is building up.

I recognise the need for energy diversity, which is obvious considering what is happening in the middle east and considering the fact that the previous Government did not drive forward nuclear power stations. I object to the pro lobby immediately trying to paint into a corner anyone who objects to wind farms as some kind of climate change denier, or as someone who is against renewables, although one or two of my hon. Friends might be against renewables—or a particular hon. Friend, shall we say. I go through all that to explain that I am not against diversity and I am not against renewables, but I am against these particular monsters and the nature of them.

Like many other hon. Members, I am concerned about the size of wind turbines; local planning regulations, which have been mentioned; efficiency, which has also been mentioned; and the numbers. Consistency has been mentioned by other hon. Members, so I will not speak too long on that, but on 2 February, *The Times* said that there was a 20% fall in the amount of electricity produced by some wind turbines in the UK last year. We have all heard the reports over the winter that 3,000 operational wind turbines in the UK produced less than 1% of the nation's power on several days. We all know that wind varies, but I do not think that any of us expected it to vary by that much, given the numbers.

Turning to the numbers, I think it was Lord Marland, in a written answer in the other place on 19 January, who came up with the figure of 70% renewable regeneration coming from wind. That would equate to 4,000 offshore turbines and 10,000 onshore turbines, as other hon. Members have mentioned. That is quite a forest of turbines. My own humble calculation, looking at the planning applications in my area, is that the average onshore turbine sits in a footprint of 260 square metres; 260 multiplied by 10,000 comes to 2,600 square km, if my maths is correct—I think I got a C grade in my O-level maths, which I had to get for some reason—or for other hon. Members, that is 1,004 square miles in proper measurement. That is equivalent to the whole of Derbyshire being covered by wind turbines if this policy continues, or almost the whole of Oxfordshire, or almost 90% of my county and that of my hon. Friend the Member for Colne Valley (Jason McCartney). That is quite a lot of English countryside covered in wind turbines.

Size is also an issue, as other hon. Members have mentioned. In my area, the turbines are 125 metres. That is nearly as tall as the London Eye. As the hon. Member for Workington (Tony Cunningham) so powerfully put it, the question that comes up in my area is why do we always get these things? Why do I not see them when I come to London?

Stephen Barclay: My hon. Friend makes a powerful point. There is an issue of fair play and justice. Rural communities have been asset stripped. They have lost their pub, they have lost their village hall, and they have lost their magistrates court. In fact, they feel that pretty much everything has been taken away from them, and then they see this metropolitan agenda imposing turbines on them out of all proportion. I have had heartbreaking letters from constituents saying that they feel the only thing left in their rural landscape is the view when they take their dog for a walk. They write to me saying, "Please don't take that away". It comes back to the issue that a number of Members have made about balance, which is the point my hon. Friend is making.

Eric Ollerenshaw: I thank my hon. Friend for that intervention. He is right about balance, but it also goes beyond that. We are told that there is not much wind in London. Well, it is pretty windy on Primrose hill, but that perspective is protected by London planning law because of the view of St Paul's. There are protected sightlines, yet the rest of us have to see our sightlines being destroyed; our new sightlines are wind turbines.

Chris Heaton-Harris: There is another problem. In urban parlance, a wind turbine is something quite nice to stick over the front door to assuage middle-class guilt. When we drive round the north circular, we see three or four little windmills opposite IKEA and think, "They're not so bad". It is the scale and size of the wind turbines that are being imposed on us in the countryside that cause huge concern.

Eric Ollerenshaw: I was going to say that we are not dealing with a wind turbine of the size that someone would put on top of a house in Notting Hill. They are somewhat bigger.

I want to say something about renewables obligation certificates. I quote Professor Ian Fells, who is emeritus professor of energy conversion at Newcastle university. He stated in *The Guardian*—so it must be right—in 2008 that

"engineers do know a great deal about renewable energy: first and foremost, it is expensive, and is only being developed commercially because of the provision of subsidies of various kinds. This amounted to £1bn last year"—

in 2007—

"and will gross up to more than 20 times this figure by 2020...Wind power onshore has been successful because of marketing subsidies"—

the ROC regime—

"...but even after 15 years it only provides the equivalent output of half a typical gas or nuclear station."

I love the term "subsidy farming" used by my hon. Friend the Member for Daventry (Chris Heaton-Harris), and I shall try to remember it, because that is what

[Eric Ollerenshaw]

seems to be happening. To be fair, the Minister has pointed to the reform of the ROC regime that is coming later this year. I hope that it will have the potential to produce a level playing field for other renewables. I have mentioned before that in my area there is a proposal for a barrage on the River Wyre that has been lying around since 1991. Just a slight tweaking of the ROC regime could put that in contention, and it would produce real renewable energy.

To return to local problems in my constituency, Caton is a village in the Lune valley, which my hon. Friend the Member for Calder Valley (Craig Whittaker) knows extremely well. There are already eight turbines sitting on the hill directly behind it. People cannot miss them as they drive up the Lune valley. I do not know how that got through planning.

There was a proposal for a new farm of 20 125-metre turbines beyond Caton, a few miles up the road on Claughton moor—this is 6 km inside the Forest of Bowland area of natural beauty. That application, which was rejected unanimously by the council, is now at the planning appeal stage. As in the cases described by hon. Friends, it was the efforts of volunteers and people in the locality that drove that rejection. The application is going through the appeal process, but the same company has put in a new application for 13 turbines, which is already going through the system. It has an appeal for 20 and a new application for 13 on the same spot if the appeal is turned down.

The people who are trying to fight the application are just ordinary people who live in the area. They are dealing with the highly-paid renewable wind farm industry, with all its massive support, glossy literature and professionals and lawyers. We rely on a group called FELLS—the Friends of Eden, Lakeland and Lunesdale Scenery. The proposals for wind farms along the M6 from Lancaster to Carlisle would result in the area becoming wind turbine alley in about 20 years. The group has consistently fought the proposals, but at huge cost to themselves. The people who are defending the proposals are subsidised by everyone else, including us, through the electricity rates. It is unfair competition. That is one example.

Another example is the application by Lancaster university, which has been told to cut its carbon emissions. Fine. It was told about the subsidies and put in an application for two huge, 125-metre wind turbines that was turned down at planning. What does it come back with? A proposal for one turbine, which would be within 300 metres of where people live. Everybody says, "We can understand the university, because we can understand what it will get in subsidy."

That brings me to my final point. I compliment hon. Friends who have raised the problem of distance. It really irritates people on the ground that there is nothing in the guidance that specifies minimum distances. Welsh guidance suggests 500 metres, which is typical; Scottish planning says 2 km from local communities; in England, there is nothing. People want consistency.

I saw an article in *The Sunday Telegraph* on 1 August in which the Department of Energy and Climate Change admitted that noise regulations, and thus minimum distances, have been applied inconsistently. They are totally inconsistent when one looks at the results, and that causes ordinary people to lose confidence in the system.

Yes, I have great hopes for the Localism Bill and the fact that it will give people power. However, Minister, we do not want this country covered by a huge forest of wind turbines. We want a level playing field for other renewables, and we want a chance for ordinary people to take ownership of the land that they cultivate and protect, and have protected for so long.

Several hon. Members *rose—*

Mr Charles Walker (in the Chair): Order. We have 25 minutes left. I see three Members who wish to speak, but there might be room for four, depending on how Members handle their time.

4.25 pm

Craig Whittaker (Calder Valley) (Con): Thank you, Mr Walker. I thank my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) for securing this debate. I want to talk about the balance between big society and localism principles, and current planning policy. I am dealing not with spatial strategies or targets that were set by the previous Government but with current planning policy.

Planning policy statement 22 under the previous Government gives no consideration to local people; in fact, the only things that need to be taken into account by local planners are nationally designated sites such as national parks and world heritage sites. Even so, small-scale developments are allowed in those areas in certain circumstances.

Local authorities have no planning powers to protect local people: there is no allowance for buffer sites, for example, around hamlets or semi-rural areas; there is no power to decline onshore wind farms on grounds of water tables, peat erosion or local nature conservation areas; there are no powers on grounds of distance, as we have heard often today; there are no powers to make as a condition on wind farm owners any form of compensation to those whose homes are sited under wind farms where there is evidence of property devaluing, as it does; and there are no powers to assess the effects on health of close proximity of wind farms. I accept that there is no actual evidence of medical harm, but there are many examples of third-hand effects through lack of sleep caused by the constant droning noise of wind turbines, particularly at night and in high winds.

At a recent inquiry on the Crook hill planning application—Crook hill is in the Calderdale and Rochdale local authority areas—the planning inspector said that the need for alternative energy supplies far outweighed any local objection or need. He quoted the planning policy as his reason for saying that, despite the many thousands of pounds and man hours that it cost Calderdale and Rochdale metropolitan borough councils and the Friends of the South Pennines group to object to the plans.

A letter from me to my right hon. Friend the Secretary of State for Communities and Local Government brought back the reply that local authorities already have powers to establish their own criteria for local planning issues, but what good are those so-called powers for local authorities to set distances from homes, for example, if the inspectors can ride roughshod over local opinion

and concerns? I repeat that this is happening not because of spatial strategies or local targets but because of slants in planning policy. Will the Minister look at PPS22 and any other planning policy that allows such a clear breach of the spirit of the big society principles?

In the same spirit of the localism agenda, a good deal of public concern has been raised across the country as a result of the rush for wind power onshore. The health reasons for seeking to increase the set-back distance may be difficult to prove, but the distress to local communities and individuals is demonstrable in many cases. It is precisely the differences in local circumstances and topography that make set-back distances so important. A 125-metre turbine at a distance of just over 500 metres up a steep exposed hillside above one's home will appear even bigger, more threatening and intrusive than the same size turbine on flat land. In the Calder valley area, we have four valleys that have high peaks, and there are applications for wind turbines on all those peaks.

The impact on a village community of a wind farm of several 100 to 125-metre-high turbines 500 or 700 metres away, or even 1 km away, will be significantly different when local landscape, tree cover and wind conditions are taken into account. That said, many countries have already recognised the importance of siting large onshore wind installations away from homes, partly, I suspect, to maintain public support for renewable energy generation in the countryside.

The UK should do the same thing as other countries, even in the absence of clearly proven evidence of any medical harm whatever. It is important to allow local communities to make decisions depending on local conditions, while also giving the wind industry an acceptable minimum distance to work on. That acceptable minimum set-back distance does not exist in this country. ETSU-R-97, as hon. Members will be aware, set a 500-metre distance for turbines that were less than half the size, and less than a sixth of the installed capacity, of modern turbines.

Jason McCartney (Colne Valley) (Con): I thank my hon. Friend from a neighbouring constituency for giving way. I also thank the hon. Member for South Northamptonshire (Andrea Leadsom) for securing the debate. What a wonderful turnout—at least from the coalition.

My hon. Friend the Member for Calder Valley (Craig Whittaker) hit the nail on the head. I have joined communities from Birdsedge, New Mill and Scapegoat Hill in opposing ugly and unsuitable wind farms in my constituency. All sorts of planning technicalities have come up in our objections. These wind turbines are an absolute minefield—perhaps minefields would be a good thing to stop the wind turbines, by the way. If we can get to the bottom of the issues through the Localism Bill and through Energy Ministers, it will stop all this positive energy, which would solve our energy problems if we could harness it, from community groups. I hope the Minister will take the planning considerations on board, and I look forward to them being included in the Localism Bill.

Craig Whittaker: I thank my hon. Friend for that intervention. Although I do not for one minute propose minefields, I certainly propose that we should take into account local planning policy effects on the principles of localism and the big society. I do not believe that a full and comprehensive review of ETSU-R-97 should be necessary to alter guidance on set-back distance. The priority is to bring the guidance into line with the realities of modern turbines, and to help to increase the acceptability of onshore wind farms. Will the Minister advise us of any changes the Government intend to make to the guidance? That question is on top of my first question, which, no doubt, the Minister has already taken into account.

4.32 pm

Mark Pawsey (Rugby) (Con): I congratulate my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) on securing the debate.

We have heard a lot about balance this afternoon. I want to add to the balance by recognising the need to increase the proportion of our energy from renewables, while specifically ensuring that the views of communities are taken into account. The general thrust of the Localism Bill is particularly important in that regard.

Like many hon. Members, wind farm proposals affect my Rugby constituency. There is an application for a site at Bransford Bridge near Churchover, where there is a great deal of local opposition to the proposals, and I fully understand local residents' concerns. The community in Churchover has formed an action group called Against Subsidised Windfarms Around Rugby—ASWAR. They are building a convincing case against development both on that site specifically and more broadly. They argue that, in this particular case, the turbines will spoil the local countryside and landscape, particularly surrounding the ancient church of Churchover, which is referred to in the Domesday Book. The nearest turbine would be only 700 metres from the officially designated conservation area. However, in their campaign they recognise that it is only subsidy that is stimulating the development. My hon. Friend the Member for Daventry (Chris Heaton-Harris) drew attention to that issue. In the absence of the massive Government subsidy, many sites would not have been developed and many of the applications that hon. Members face would not be put forward.

There is another proposal for a wind farm at Copston Magna. In that case, consent has been granted for a test mast, which is now erected and gathering data on the site's suitability. A principle of fairness is involved. Often local communities see a test mast application as the thin end of the wedge, and oppose it, but it is fundamentally fair to permit developers to erect test masts to identify whether a site is viable. As part of that principle, the data should be shared among the local communities, so they have access to information should they wish to oppose an application, if appropriate. The point I make to communities is that it is not impossible that the data will prove that a site is unsuitable, but we have already heard that there are dangerous incentives to allow a development to proceed even though the site may not be viable.

There are two matters of concern in respect of a community's ability to influence decisions, which relates to my previous point. First, councils receiving an application for a wind farm are not obliged to take into consideration the economic viability of the project or whether conditions at the proposed site are suitable. The developer of the Bransford Bridge site says that it is a good site, but he has no obligation to provide any evidence of that.

[Mark Pawsey]

Secondly, hon. Members have already referred to the fact that there is no guidance on the appropriate distance between a wind mast and the nearest residential property. I accept that that may vary according to the site, but it seems to be pretty wasteful that each planning authority has to seek professional advice on a site-by-site basis, when one generally available piece of work or research would reduce the costs of the planning process and, more important, give local residents a degree of certainty about the determination when an application comes forward. Therefore, I added my name to the list of supporters of the private Member's Bill promoted by my hon. Friend the Member for Daventry, which will give planning authorities the opportunity to determine what they consider appropriate distances between wind turbines and housing, after they have consulted local people.

Under the regional spatial strategy proposals, the previous Government forced their views on local areas and imposed developments to the dismay of local communities. When those communities made, often successful, representations to locally elected planning committee members, the matter went to appeal to be determined by a planning inspector. They took account of PPS1 on sustainable development and PPS22 on renewable energy, which both give a presumption in favour, such that in 2009, 82 applications were approved and only 65 were rejected.

We need to give more consideration to the views of local people and councils, and, in that respect, there are some welcome principles in the Localism Bill. The Government stated that the planning system will be reformed to give neighbourhoods greater ability to determine the shape of the places in which their inhabitants live. Part of that will come through neighbourhood planning, which should become a useful tool in this contentious area. Although neighbourhood planning is principally about setting a vision for a community—what they wish to see—and local communities making a positive statement, it will, therefore, be of benefit to communities who want wind farm development. As Members who represent our constituents, we all know that will happen only in very few cases. More important will be the situation with development control, when communities oppose applications they wish to see off.

Provisions in the Localism Bill for pre-application consultation are welcome and sensible. In any event, a sensible developer would carry out the activity in the first place, before submitting his application. The provision means that when applications for wind farm development come forward, communities will have been more involved in the early stages and the developer would apply with the support of local people.

Craig Whittaker: I recently wrote to my right hon. Friend the Secretary of State for Communities and Local Government to ask how the localism agenda and things such as community plans fit in and what powers they physically give. The reply was very much that they fit alongside current planning policies and guidance. If that is the case, surely we need to change some planning policies and guidance to fit hand in hand with them and physically give power to local people. Does my hon. Friend agree?

Mark Pawsey: My hon. Friend makes a fair point, and I will speak later about the efforts made by my hon. Friend the Member for South Northamptonshire to table an amendment to the Localism Bill to do precisely that—give more power to local communities.

There is some good news about manufacturing. I referred earlier to Converteam, which manufactures permanent magnet generators in my constituency. Those are key components of turbines. Such technology removes the requirement for a gearbox in a turbine, which makes it particularly suitable for use offshore because of the reduced amount of maintenance involved. The gearbox is the component that fails most in turbines, and it is also the part that makes the most noise. If that technology can be developed, there will be benefits. There is a strong manufacturing history in my constituency, and I want to see it continue through the use of that new technology.

When we oppose onshore wind farms, we must offer alternatives. More consideration must be given to offshore wind technology. Of course, the marine environment must be considered, as must the efforts needed to get the energy onshore. However, few individual residents will be affected by offshore wind farms, and we must therefore give the matter more attention. We must also consider clean coal and other renewable sources such as tidal energy, which has been referred to.

In conclusion, for wind farms to be successful they must have broad public support and the consent of local communities. Provisions in the Localism Bill will go some way to putting communities in charge during the planning process, but it remains to be seen how far the changes in planning law will affect wind farms. I recognise that wind power can make a vital contribution to the renewable energy supply, but it must be used with other sources to ensure that energy is clean and sustainable. I support the business investment that will take place in my constituency as a consequence of wind farm development. We have heard many facets of the debate, but for me, the key issue is to ensure that local communities have a greater say in future development.

Several hon. Members *rose—*

Mr Charles Walker (in the Chair): Order. I would like to get in two last speakers.

4.42 pm

Andrew Percy (Brigg and Goole) (Con): I will be as quick as I can, Mr Walker, despite the plethora of wind farm applications that is currently affecting my constituency.

Mr Charles Walker (in the Chair): We have an extra five minutes, so the hon. Gentleman does not need to rush too much.

Andrew Percy: Thank you, Mr Walker. That gives me time to mention all my various campaign groups. I congratulate my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) on securing the debate. Since her election, she has proven a vociferous campaigner on this and many other issues, and it is good to see her standing up for her constituents again today.

On a positive note, I am a big supporter of the renewables industry, which has the potential to offer thousands of jobs up and down the country. As the Minister knows, in the Humber, fantastic opportunities are coming our way with the announcement that Siemens is coming to the region for offshore wind. Companies are coming for manufacturing, and all sorts of opportunities are facing us. All MPs, local authorities and businesses are trying to support the Humber, and I thank the Minister for the support that he has shown. The region has suffered considerably over the past 10 years, never mind the current austerity measures, but renewable energy is one way that our region can come back. I am a big supporter of renewable energy, especially offshore wind. When it comes to onshore wind, however, with no whiff of hypocrisy I have a few concerns about where the country is heading.

My constituency crosses east Yorkshire and north Lincolnshire and contains some of the flattest parts of the country. A lot of it is drained marshland; it is very flat, we have wide horizons, and consequently we also have high wind speeds. That means that we have been besieged by wind turbine applications. Such applications are not for small wind farms. When I heard one hon. Member speak of three or four wind turbines I thought, "If only."

A wind farm application for 34 turbines at Keadby has been given permission on approval. There is permission for a wind farm at Goole Fields for 20 turbines, and at Twin Rivers for 15 or 18 turbines—there are so many, I forget the exact numbers. Wind farms already exist at Bagmoor, and there is another farm of 18 turbines at Saxby Wold. There is an application for a number of turbines at Worlaby, and I have 14 turbines opposite my house in the village of Airmyn, in the constituency of my hon. Friend the Member for Selby and Ainsty (Nigel Adams). We successfully fought off an application at Elsham and, most recently, just this week North Lincolnshire council refused planning permission for the third time for Flixborough Grange. That was for a small development of eight turbines. It has been through the planning application twice, and been to the planning inspector once. On that occasion, the inspector upheld the local authority's decision, but within less than a year the application came back in exactly the same format as the first one. The planning committee at North Lincolnshire council said no again on Wednesday, and I thank Conservative colleagues on the council, along with a small number of Labour councillors, for standing up for local residents.

Such things demonstrate how ridiculous the situation has become. North Lincolnshire hit its 2020 targets two or three years ago, but it continues to be besieged by application after application, and something has to give. We were willing to play our part. One or two of the applications I have mentioned—including that at Goole Fields, which is in the east Yorkshire part of my constituency—went ahead, despite being a big development, with very little public opposition. Residents were generally supportive of that location, so it is not a case of saying no to everything. We were prepared to do our fair share. In North Lincolnshire, when the Conservatives ran the council, we adopted a policy of, "We will take our fair share but we want a say in where the wind farms will be located." Because of that policy, we hit the 2020 target. Nevertheless, it made no difference. Applications continued, they were approved on appeal, and the 2020 targets meant nothing. Thanks to the vociferous campaigning of groups such as BATs—Burton Against Turbines—and SWATs—Saxby Wold Against Turbines—we have managed to stave off some of the applications. However, if it were not for well-organised individuals in particular villages, we would be covered in wind turbines.

There are great opportunities in the Localism Bill for communities to have more say. However, I am concerned that we will end up in a situation where, as one Minister said, we have to "frontload" the system. That is all well and good in parts of the country that have not already played their role, but we feel that we have played our part and hit our target. We have hundreds of wind turbines planned. They are all 410 feet high—we will have none of that metric nonsense. Imagine looking out at 34 turbines, each 410 feet high, and then turning a little and seeing a further 20 turbines three or four miles up the road, and then a further 18 a couple of miles further on. We are creating landscapes of turbines that are encircling communities.

We do not mind playing our part on energy. We have Drax power station, Keadby gas-fired power station and several coal and gas-fired power stations in the area, and we are willing to accept them as important and necessary for the country. We must, however, ensure that as substantial numbers of turbines have been approved, a planning system is in place to support residents who say, "No, we've done our bit already." We cannot ask communities to do their bit year after year, and I would like to hear from the Minister about our position on the big, onshore developments. I too will support the amendment to the Localism Bill tabled by my hon. Friend the Member for South Northamptonshire.

I do not want to take much more time as one more Member wants to speak. The issue of appeals is perhaps not in the Minister's remit, but I am sure that he talks regularly to his colleagues in the Department for Communities and Local Government, and we must establish what the appeals procedure will be. We understand that there will have to be an appeals procedure for bigger developments, as they are national infrastructure issues. The system must take local people into account and not allow what happened to East Riding of Yorkshire council a few years ago. It had a good record of risking public money in defending appeals and had turned down a number of wind turbines. However, through the Secretary of State, the inspector not only overturned a decision, but said to the democratically elected councillors, "You must stop rejecting these wind turbines."

Where is the democracy in that? That is the planning system we have been left with by the previous Government. That is why it is so important that localism means exactly what I think it means—local people having real power and a real say over what goes on in their communities.

I again pay tribute to the Minister for his work in supporting our renewable efforts in the Humber. I hope that he will respond to my debate in this Chamber next week on the renewable opportunities in the Humber. We support renewable energy, but when it comes to onshore wind, we in Brigg and Goole say that we have done our bit. We were happy to do our bit, but enough is enough.

Mr Charles Walker (in the Chair): Order. The winding-up speeches will start at 4.55 pm. I call Stephen Barclay.

4.50 pm

Stephen Barclay (North East Cambridgeshire) (Con): Thank you for letting me speak at short notice, Mr Walker. I endorse the comments of my hon. Friend the Member for Brigg and Goole (Andrew Percy) about our hon. Friend the Minister. We are very fortunate that he is handling this important brief. I also echo the comments of various hon. Members about my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) securing the debate and the formidable way in which she campaigns for her constituents.

I want to make three points before we move to the winding-up speeches. First, I want to press the Minister on whether we have the right funding balance for the various renewable technologies. In reply to my parliamentary question, he helpfully clarified that the cumulative expenditure between now and 2020 is anticipated to be £8.3 billion for onshore wind, £14 billion for offshore wind, £2.5 billion for solar technology and just £1.1 billion for tidal technology. We are an island nation and tidal renewable energy is something that we can sell around the world if we build that expertise. Given the climate of the UK, I wonder why we are spending on tidal energy less than half what we are spending on solar technology, and such a disproportionate amount less than on wind turbines. Perhaps the Minister will comment on that.

Secondly, what has come out very helpfully from this debate is the need for greater clarity on guidance, particularly, as my hon. Friend the Member for Lancaster and Fleetwood (Eric Ollerenshaw) pointed out, in relation to the distance between turbines and homes. That is a central concern of constituents of mine in Tydd St Giles, who are fighting an application for 12 turbines, which would be such a blot on the landscape of the fens.

May I suggest to the Minister a further area of clarification that could be put in the guidance? It relates to communities that reach the point of providing for 100% of their electricity need from renewable onshore wind turbines. In my constituency, Fenland has, on 2008 figures, 41,800 homes, yet we now have so many wind turbines that we already provide enough renewable energy for the equivalent of 40,000 homes. To return to the point about balance, if we are already at the point at which we, as an area, are producing enough renewable energy just from onshore wind turbines to power all our homes, it seems disproportionate that our beautiful and distinct open landscape is being over-burdened by too many wind turbines—it is fast becoming the "forest" of the fens. That goes back to the point about balance that a number of hon. Members made so clearly.

My third point is one that I tried to make in interventions. It is about the lessons to be learned from the targets that were set by the Department, albeit before the Minister's term of office. In particular, what lessons do we draw from the target set in 2000—a 10-year target—which the previous Labour Government missed so badly? What lessons have the Minister's officials learned? Have they conducted an analysis of what went wrong so that they can learn the lessons?

Furthermore, can we ensure that we are not paying, in terms of fuel poverty, for perverse consequences from the very odd, legally binding commitment that was signed up to in 2009—the earlier commitment having been missed—for a massive increase in the amount of renewable electricity to be produced? The figure is over 30%, although the Department, by its own estimates, reckons that it will take 12 years—from 2000 to 2012—to deliver 8%. That period, on the Department's own figures, according to evidence to the Public Accounts Committee, accounted for 8%, yet in 2009 we signed up for a target such that over the remaining eight years we would add a further 21%. Again, there are lessons to be learned.

Have we got the funding balance right? Can we have greater clarity on the guidance? Can we learn the lessons from the targets that my hon. Friend's ministerial predecessors set and subsequently missed? I look forward to his clarification of those matters.

Mr Charles Walker (in the Chair): Order. Front-Bench winding up speeches will last until 5.25 pm. Then the hon. Member for South Northamptonshire (Andrea Leadsom) will have five minutes to wrap things up.

4.55 pm

Huw Irranca-Davies (Ogmore) (Lab): It is a delight to take part in the debate. I congratulate not only the hon. Member for South Northamptonshire (Andrea Leadsom), but all hon. Members who have contributed. It has been a genuinely good debate. Many hon. Members have spoken with passion. I did not agree with every point that they made, but I shall come to that. They did speak very well and have done their job commendably as constituency MPs, speaking on behalf of their constituents. I do not say that in a patronising way. It is what we are sent here to do. Sometimes we are denigrated for this job, but we are actually sent here to perform on behalf of our constituents and to make the points that are necessary.

I want to make a point that is perhaps obvious but is rarely made in these debates. It is rare to find an energy proposal of any type that attracts universal commendation. It is rare to find a proposal to which no objections have been made. That is the case whether the proposal involves onshore wind—the subject of today's debate—or offshore wind. Offshore wind was at one time—we heard this comment today—seen as our salvation, not necessarily because it was the new green energy messiah, but because it was the alternative to onshore wind. Then when offshore wind was objected to, as it frequently was, barrage, wave and tidal technology became the possible messiah, and so on. Hydro is another one; hydro turbines have been described as fish blenders.

Nuclear energy is popular in some areas. All credit to the previous Government on that. It is great that we are all now lined up across the three major parties in our determination to deliver nuclear, and we need to do it at pace. In some of the places where there have been nuclear facilities and jobs have relied on the nuclear industry, there is a tremendous wish for us to get on with that. With the previous Government, through the independent Infrastructure Planning Commission and the national policy statements, and now the present Government pursuing the agenda, we hope that we will get the new plants up and running, but of course they are contentious.

Biomass generation is criticised because of the transport implications and sustainability issues. Waste incineration is criticised—it goes on and on. All I shall say is that we

cannot create the energy mix that we often talk about, from both Front Benches, with little wind turbines on chimneys—although fair do's to the Prime Minister for having a darned good try. I am sure that he is not assuaging his middle-class guilt, as the hon. Member for Daventry (Chris Heaton-Harris) put it. He is making a contribution, as we all do with photovoltaic panels, wind turbines, deep geothermal and whatever else we do. My sister-in-law in Ireland has a massive field full of geothermal capacity. That is fantastic. All those things contribute, and so does onshore wind in some ways.

I want to respond to the points that have been made. First, the hon. Member for South Northamptonshire gave a very passionate and eloquent critique of onshore wind, describing a tug-of-war between local and national interests. That is where much of the debate has focused. She made the point that we cannot rely on wind. No, we cannot rely entirely on wind, but I strongly suggest that we have to rely on wind as a contributor to our energy mix, in the same way that we have to rely on marine and tidal power and on getting over the investment hump in relation to that. They will all play their part. Wind is not the entire answer and certainly nuclear is not the only answer, either.

The hon. Lady referred to the former CBI director, Richard Lambert, saying that nuclear is the answer. It is indeed part of the answer. We are joined up on this: we have to get on, look for the new generation of facilities and deliver them on time, because they will provide a significant amount of our capacity. I think that the mood in the country has changed towards that. It has taken some time for us to get there, but we have, although nuclear is not the only way forward.

The hon. Lady went through a range of areas that other hon. Members have covered. Those included intermittency or variability of wind quality, the need for interconnectivity and the costs that come with that, and the need for price support. I shall simply say, as has been said in the comprehensive spending review, that it is not only wind that needs mechanisms for support, both for the initial capital investment and for the ongoing revenue costs of operating. It is not alone, by any means. The hon. Lady sees the Localism Bill, as many do, as a way to put power back into the hands of the people. It has been claimed that we could see a massive growth in onshore wind turbines as a result of the Localism Bill, but others said that they expected to see a slowing down in their development. I am not sure which it will be, but I am sure that the Minister will respond to that point.

In an intervention, the hon. Member for North East Cambridgeshire (Stephen Barclay) said that legally binding targets are questionable. I would ask whether the Minister agrees with him. Those are legally binding targets. We are fully signed up to them, and I suspect that the hon. Gentleman is as well. We need to deliver on them, not walk away from them. I hope that the Minister does not intend to revisit them, revoke them or try to argue his way out of them. Both Front- Bench teams are committed to them; by that I mean both Liberal Democrats and Conservative, and Labour.

Stephen Barclay: Would the hon. Gentleman not agree that, in trying to meet those legally required targets, we start from a much worse place? Instead of being at 10% in 2010, which is what the Labour Government signed up for, we were below 8%. The permanent secretary to the Department of Energy and Climate Change said that we would be at 8% by the end of 2010, and that we would not reach 10% until the end of 2012. We will have only eight years left to ensure that a further 21% of our needs are met by renewable energy.

Huw Irranca-Davies: In response to the hon. Gentleman's well-observed intervention, the question is how to accelerate our drive for renewables. Part of it will come through the work being done by the coalition Government in driving for offshore energy, and part of it will come through microgeneration. We often banter from the Front Benches on this question, but the wind ports competition, with its £60 million investment, was set up by Labour. This Government have delivered—well done—and Gamesa, Siemens, Mitsubishi and others are coming in with jobs on the back of it. We also have to do it with onshore wind.

I agree with the hon. Gentleman, but the logical extension of his argument is that, unless he says no to onshore wind, onshore will have to make a contribution. We have to find a way through the Localism Bill to make that happen. As has been said, we need to see a mushrooming of local communities saying, "We can now see the community gains. We are going to go for this, and we'll do it for ourselves." That would be great. I hope that hon. Members are right, but we have to see what the Minister has to say about it.

The Minister was asked whether he is considering bringing locally determined projects up to the 100 MW level from the current 50 MW. There has been much debate on that over the years. I do not think that he is considering that, but perhaps he would clarify the situation.

My hon. Friend the Member for Workington (Tony Cunningham) spoke passionately not only for his constituency but for his constituents. I was with him there on an occasion of great trial and disaster at the time of the Cumbria floods. He spoke eloquently. West Cumbria is a beautiful area, with great people. He was right to speak of the contribution that can be made by other energy mixes, including the Solway Firth barrage and the potential for new nuclear build.

I guess that the trick and the theme of this debate is the balance between the local, the regional and the national. I think that all Members here today agree that we need to do three things—to develop nuclear energy security, to do so in an affordable manner for UK plc and for Mrs Miggins, who lives at the top of one of the valleys, and to hit our low-carbon targets. The theme of our debate is who is to bear that cost, and who will benefit from the jobs that could be created from green technology.

The hon. Member for South Dorset (Richard Drax) shares his name with one of the most well known rapid reaction generation facilities, the co-stoked biomass Drax power station. It is beyond today's debate, but it raises the question of carbon as we move forward with our electricity market. He asked whether we needed onshore wind farms in order to keep the lights on. I hope that I have made it clear that we do. He also spoke of listening to the community's concerns—he said that if the community says, "We don't want these here", their voices should be heard. It is vital that communities' voices are heard, but we need a balance. He made an interesting point about common sense in connection with the Localism Bill, so I look forward to the Minister and his team drafting common sense into legal statute.

[Huw Irranca-Davies]

The hon. Member for Weaver Vale (Graham Evans) took a technocentric approach, putting great faith in our engineering, technical and scientific capacity, particularly for developing our nuclear future. He also spoke of his opposition to local wind farms, as did many Members.

The hon. Member for North Dorset (Mr Walter) despaired of the Secretary of State's warm words for larger wind turbines. I am sure that the Minister will relay those thoughts to the right hon. Gentleman. The hon. Gentleman spoke unfavourably of the market mechanism. There are possibly more market mechanisms to come that could incentivise low-carbon or renewable technologies. Indeed, they are necessary if we are agreed on having a lower-carbon future.

The hon. Member for Beverley and Holderness (Mr Stuart) said that we would see much more onshore wind energy as a result of the Localism Bill, as communities across the land grasp the opportunity of community engagement. I am not sure that that is quite what Members here today were hoping would result from the Bill; we shall hear what the Minister has to say. Like several hon. Members, the hon. Gentleman asked whether the Minister is considering increasing the distance of turbines from homes to 1.5 km or more.

The hon. Member for Shipley (Philip Davies) made a passionate speech. He is not in his place, but I am sure that he will read *Hansard*. He said that one of the biggest scandals is wind energy. I could not disagree more. If we look purely at megawatt costs per hour, we will get one solution to the question of the way we should be going. It may be the French solution, it may be something else, but the UK has the potential to be at the cutting edge globally of green technology, design research and jobs. There is more to it than megawatt per hour costs. In response to what the hon. Gentleman said about international competitiveness on price, I am sure that the Minister will confirm that we are competitive throughout the EU on our basic energy prices—with the exception of petrol—including compared with France and Germany. The critical factor in that mix of energy security and low carbon is whether it remains affordable, as we drive towards a low-carbon future.

The hon. Member for Daventry spoke of his opposition to schemes in his area. He touched on microgeneration and the feed-in tariff review. There is a real job to be done there. That has caused some consternation, as was dealt with at the Dispatch Box today. However, that issue is for another day.

The hon. Member for Lancaster and Fleetwood (Eric Ollerenshaw) spoke about minimum distances in England and the issues in his area. The hon. Member for Calder Valley (Craig Whittaker) spoke on a wide range of issues, including compensation, which came up again and again. Again, I ask the Minister to say whether he is considering compensation. Traditionally, requests for compensation have not been acceded to. Is he now considering it? He also asked whether the Minister would consider PPS22 and the minimum set-back distance.

The hon. Member for Rugby (Mark Pawsey) called for balance in this debate, and I welcome that. It was the first time that I have heard a Government Member start a speech by saying that we need some balance. He recognised the need for wind to be part of the mix. He called for fairness for developers, not least in putting up wind-testing devices, and to ensure that the information is shared with residents. He welcomed the Localism Bill.

I am rapidly running out of time. The hon. Member for Brigg and Goole (Andrew Percy) announced that he was a big supporter of renewables. He mentioned Siemens and Gamesa, and the investment on the back of the £60 million wind ports competition. However, he was not inclined towards onshore wind. He saw energy coming from the offshore sector, but that sector cannot do it alone. The hon. Member for North East Cambridgeshire also called for localism and the revocation of targets for wind generation.

As I am running out of time in this intense debate, I will just ask the Minister how he is getting on with Renewable UK's balanced and considered view of the Localism Bill. On the idea of a local referendum, Renewable UK says that it should have an important part to play, but decisions need to be based on qualified professional advice. Other issues that it raises relate to pre-determination, pre-application consultations, the abolition of regional spatial strategies and the community infrastructure levy. The organisation has been restrained and controlled in what it has said. It has not tried to object to the Localism Bill, but, as the Minister knows, it is quite concerned that the measures could slow down the development of onshore wind farms. The hon. Member for Beverley and Holderness will be disappointed if onshore wind farms cease to happen because of the Localism Bill. I ask the Minister to tell me that that will not be the case.

5.10 pm

The Minister of State, Department of Energy and Climate Change (Charles Hendry): It is a great pleasure to serve under your chairmanship for the first time, Mr Walker. We could not have picked a better debate to have in this Chamber this afternoon. We have had a passionate debate, with displays of knowledge, strong opinions and good humour. The speeches, of which I did not agree with every single word and paragraph, have shown this House in a very good light because of its determination to deal with such a challenging issue. I absolutely join others in congratulating my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) on securing and delivering this debate.

Most of us, I think, share the same objectives. We believe that renewable energy is necessary for our energy security and for environmental reasons and that the view of local communities is vital in deciding where wind farms should be located. I want to look at both sides of that equation, to address what I think has been the democratic deficit and to show that wind farms can bring real benefits to communities as long as they are in the right place.

There is no doubt that the UK must become a low-carbon economy. We must decarbonise our electricity supply, which will be a massive challenge for us. It will cost us something in the region of £200 billion over the next 10 to 15 years. Our old coal plant has to close not because of CO_2 emissions but because of sulphur emissions. Our old nuclear plant is coming to the end of its physical life and running out of fuel, so we have no choice but to rebuild our energy infrastructure. Much of

that work and the decisions on investment will need to come in the course of this Parliament. I completely support the comments of my hon. Friends the Members for Weaver Vale (Graham Evans), for North East Cambridgeshire (Stephen Barclay) and for South Northamptonshire that this would have been a much easier challenge had we not had this legacy of failing to secure more of that investment over recent years. However, that does not mean that we have to pull back from such a challenge; we must show a determination to take it forward. There will be a dramatic change in the way in which we generate electricity, and that will bring challenges and disadvantages. We must ensure that we drive forward with this agenda if we are to secure our climate change and energy security goals.

We must consider the time scale. If we push the button today to start the construction of a new nuclear plant, and EDF decided that it wanted to go with Hinkley Point, it will still be towards the end of the decade before the plant can come on stream. We have allocated £1 billion to carbon capture and storage, which is more than any Government anywhere in the world have given to a single plant. However, it will still not be commercially at scale until the end of the decade. The technologies that others have talked about, such as the roll-out of offshore wind, have significant costs. The costs may come down, but as we go further out—I hope that my hon. Friend the Member for Beverley and Holderness (Mr Stuart) accepts this—waters become deeper and the installations more challenging, which, in turn, will push up costs. Although we want to see a broad mix of technologies, we must recognise that there is a real urgency to construct plant now, so that we can meet the challenge of the old plant that is coming out of commission.

My hon. Friend the Member for South Dorset (Richard Drax) was right when he talked about the need for common sense—sadly, he is not here to hear my response. Common sense tells us that we need a balance of technologies; we need to ensure that we have new nuclear within the mix. We have continued much of the work that was started by the previous Government. We need to have clean coal and a broad mix of renewable technologies. This is not a case of saying that we should only have onshore wind. There will be a real drive for offshore wind and for biomass. We will take forward renewable heat issues. For example, ground source heat pumps, which were mentioned by my hon. Friend the Member for South Northamptonshire, will be an integral part of the renewable heat incentive.

Common sense dictates that we should consider our own natural resources. We have the strongest wind resource anywhere in Europe. To turn away from that and say that we should not be using it would be a serious mistake by Government, and one that we are not prepared to make.

Mr Graham Stuart: Will my hon. Friend the Minister give way?

Charles Hendry: We have had many contributions, so I hope that my hon. Friend understands that it will be difficult to respond to them fully if I start taking interventions.

Common sense also tells us that if we are to make the right decisions on our energy security and ensure that future generations look back and say that we did the right thing, we have to put new plant somewhere. During the debate, we have heard a lot of calls about why constituencies are not right for certain types of new development, but, with the honourable exception of the hon. Member for Workington (Tony Cunningham), I have not heard anyone saying, "I don't want wind turbines, but I do want something else." No one has volunteered for a new nuclear plant. No one has volunteered for a new gas plant, a coal plant with carbon capture or a biomass plant. If we do not put them anywhere, we cannot survive on invisible electricity. We all want the switches to work when we push them on, but we do not think that we need to see where the energy is being generated. Energy plants need to be sited in appropriate locations, and common sense tells us that that is the right way forward.

We have carefully considered the contributions that different technologies can make. I hope that my hon. Friend the Member for Shipley (Philip Davies) will understand that much of the cost that we are considering—the increase in costs for consumers—is based on an oil price of $80 a barrel. Everything changes when oil is $100 a barrel. The central strategy of the American Administration is based on oil at $113 a barrel. At that price, the move to a low-carbon economy brings real benefit to consumers because fuel costs would be lower than they would have been had their supply been based purely on hydrocarbons. We should be in no doubt of the important contribution that renewables can make towards our security of supply and low-carbon objectives. There is a range of different ways in which we can meet the challenge. After this debate, people can go on to the DECC website and look at our 2050 pathways calculator. We can tap in for ourselves and see what keeping our lights on does to carbon emissions. We are not wedded to one approach on the various technologies, but we do want to create an environment where people can see for themselves what will be the best technologies.

As for the suggestion that my hon. Friend the Member for North East Cambridgeshire made, we will not simply go down the route of targets. Targets alone do not deliver anything. Government must have a determination to show how targets will be met, which is why we will put in place road maps so that people can see what is happening and how it is taking place.

We will be taking forward this matter in the most robust way. We also recognise that as a result of the investment that has already been made in wind turbines, some 5.5 million tonnes of carbon emissions were avoided in 2009. That is the equivalent of the total annual emissions of the bus transportation fleet in this country, which starts to show the contribution that such technology is making.

Many of my hon. Friends have talked about the intermittency of wind, but that is an issue with which technology can increasingly deal. It is not about having a whole fleet of coal-fired power stations standing by to be pumped up into action when the wind does not blow. Let us consider the scope for pumped storage—an electricity interconnector to Norway, perhaps, or a new one into France that builds into its nuclear capacity—and the work that is being done on battery technologies and on a whole range of new technologies that will mean that the power can be there when we need it rather than when the resource happens to blow. That will be one of

[Charles Hendry]

the big changes that we see coming through in this decade. The issue of intermittency will become one that can be fully addressed.

Regarding security of supply, we also need to recognise that when Sizewell B—our most modern nuclear plant—did not operate for seven months last year wind was powering 800,000 homes in this country during that time. So it is not a case of one technology or another. The core to a sensible energy strategy is ensuring that we have the right balance of different technologies within it.

However, we must change the way we go about achieving that balance and that is what I will focus on for the rest of my remarks. We have heard very sincere views expressed during this debate and I completely understand the views that my hon. Friends and others have expressed. But let me reaffirm the Government's commitment to reform the planning system to ensure that communities have more ability to determine the shape of the places in which they live. Many of the changes will come through the Localism Bill, which has been discussed in Committee today.

We will abolish the regional spatial strategies and their top-down regional energy targets. Members have talked today about how planning applications have been overturned on appeal and granted on appeal. It will be much more difficult for applications to go through on that basis if the regional energy targets are taken out of the mix. Responding to the point made by my hon. Friend the Member for North East Cambridgeshire, I would say that people can already look to the cumulative effect that exists. However, I do not think that we want to go down the route of saying that each constituency should be generating energy only for its own needs and no more, because that would conflict with the principle that these facilities should be put in the areas that are most appropriate.

We are introducing provisions for projects to be submitted to local planning authorities, so that developers will have to show that they have worked with communities to develop their planning applications. That will help to develop a better approach regarding these applications, so that more of them can go through with planning consent being given locally rather than having to go to appeal.

We are introducing neighbourhood planning, to enable communities to draw up neighbourhood plans to shape the development in their own locality and to permit development without the need for planning applications. In addition, we are of course abolishing the Infrastructure Planning Commission.

I do not think that it is right to go down the route of having specific distances between onshore wind farms and residences. The way that such distances have been interpreted in Scotland and Wales is not actually the way that they have been enforced in those countries. However, the challenge that I face with regard to that issue is that very often we would find brown industrial land—a brownfield site—that we would all believe was an appropriate place for a wind turbine, but if one were to say that the presence of one house near to that turbine, within a distance of 1 km or 1.5 km, could stop that development from happening that would prevent us from using some brownfield sites, which could be well used in that respect.

The new planning framework will be a concise and more strategic document, which will bring together much of the work in this area to provide much greater clarity. It will provide much greater transparency, to ensure that local authorities can take well-informed decisions.

We are also looking at some of the other issues that have been raised today. We are reviewing how noise is monitored and how flicker is assessed, and we will publish the results of those reviews during the next months so that work on addressing those issues can be developed.

Huw Irranca-Davies: Will the Minister give way quickly?

Charles Hendry: I hope that the hon. Gentleman will forgive me but I will not give way, because there are important points that I need to make in the final moments that I have left.

We have brought forward the review of the renewables obligation certificates, because ROCs are an important way of ensuring that we can see investment in renewable technologies. However, we must ensure that those technologies are not put in place in unsuitable locations. The review will make sure that developers of wind farms are encouraged to go to the windiest locations, because the principle of ROCs is that if a company does not generate electricity it does not receive any payment. Therefore, ROCs are a better mechanism than some of the suggestions that have been made today about requiring planning committees to identify how much electricity can be generated by a particular development. We will develop that work on ROCs during this year.

We are examining the cost of grid connections, because often that cost means that there is an incentive to put wind farms close to where the electricity is needed rather than where the wind resource is strongest. That is why Ofgem's fundamental review of how transmission charges are levied is so important and it is also why we have made it clear to Ofgem that its review of the transmission charging system must deliver security of supply as well as low-carbon generation.

We intend to go further by rewarding local communities, so that they have a real say about how their communities should develop. As part of the coalition agreement, we have announced that business rates from renewable energy developments will be retained locally. In parallel with that, I am pleased that the wind industry itself is looking at establishing agreed minimum standards for the contributions that wind farm developers will make to local communities. Financial contributions by developers might include, for example, investment in energy efficiency measures to reduce electricity bills, or cheaper prices. Of course, the most powerful reward for a community is to have a direct stake in a project. That is why we are keen to see this work happen.

In conclusion, we have had a helpful debate today. I hope that we have been able to show that we believe that wind energy onshore has an important contribution to make. What we can also do is to ensure that wind farms are put in the right locations, where the resource is strongest; that we have a funding mechanism that drives that process; that we have a transmission system that makes the development of wind energy achievable, and a planning system that shows that where communities decide they will consent to such a planning development they will derive a real, direct benefit from having it in their locality.

Once again, I thank my hon. Friend the Member for South Northamptonshire for securing such an important debate.

5.25 pm

Andrea Leadsom: Thank you, Mr Walker, for your chairmanship. Well, you heard it here—this is where the rubber hits the road, or more likely where the peregrine falcon hits the turbine.

We have heard some very impassioned speeches today from a number of hon. Members, none of whom are the sort of fashionable green activists who look at the theory of it all and think, "Onshore wind is the answer and you're just going to have to lump it". There has been a series of speeches from MPs who are speaking out for their constituents. I know from my own constituency that people cry over this issue and spend huge sums of their own money and hour after hour after hour of their own time to try to defend the community that they live in.

Onshore wind farms are rather unique in the renewables sphere in terms of the amount of intrusion that they create. Other renewables do not create so much intrusion, they are not as widespread and, as many hon. Members have said, they do not come back time after time after time. Communities do not end up with four hydroelectric plants, up and down the valley, one after the other. Therefore, Members here today are speaking out with genuine urgency on behalf of their constituents, and those on the Front Benches should take note of that.

Another important point to make is that nobody in Westminster Hall today is speaking out loudly in favour of there being more onshore wind in the energy mix. There is a very important issue here, which is that we already have 3,000 wind turbines in this country and 6,500 more are either under construction or in planning. That is an enormous number of new turbines and any new legislation that we introduce at this point is likely to come too late to deal with them. We could have three times the current number of onshore wind turbines before people can start to benefit from changes in legislation that might say, in fact, that their area was not appropriate for a particular number of turbines or that the turbines could not be put in a particular location. Those are important points to remember.

The hon. Member for Ogmore (Huw Irranca-Davies), who is the Opposition Front-Bench spokesman, was extremely good-natured and good-humoured during the debate, and he made very generous remarks to us. However, I still feel that his view is that of his party, which is that onshore wind development must happen to the exclusion of the views of local communities. He spoke out passionately in favour of onshore wind and did not apologise for the fact that his party embarked on this race for onshore wind when it could have looked instead at developing far less intrusive forms of renewable energy.

This is the key point—if we did not have this renewable target for 2020, would we now still be saying, "Let's continue going for onshore wind", or would we be looking at alternative forms of renewable energy that are much less intrusive? Those alternatives have been mentioned today: hydroelectric; marine and tidal developments, which will all be coming on board in 2022 and beyond; ground source heat pumps; photovoltaic cells, and other possibilities that would be far less intrusive for communities. Potentially the time frame that we are operating under will leave us with very little opportunity to pursue those alternatives fairly.

I thoroughly welcome the Localism Bill. It is going in completely the right direction and our Front-Bench spokesmen are making great strides to plug the energy gap, and to meet both our energy security needs and our renewable targets. We hear a lot of talk from our Government about fairness and localism, two principles that I subscribe to very strongly, and I urge our Government to uphold those principles for the sake of all our communities.

Question put and agreed to.

5.29 pm

Sitting adjourned.

Westminster Hall

Tuesday 15 February 2011

[MR ANDREW TURNER *in the Chair*]

Fuel Prices

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr Dunne.)*

9.30 am

Miss Anne McIntosh (Thirsk and Malton) (Con): Good morning, Mr Turner, and I offer a warm welcome to what appears to be a very well attended debate. I am delighted to have secured this debate, and I am particularly pleased about its timing, which is before the Budget on 23 March.

This debate is timely, because it examines the impact of fuel duty, particularly in remote rural communities such as those in North Yorkshire. I will just set the scene by outlining the prices as of yesterday, 14 February 2011. People would be hard pressed to buy unleaded petrol in Thirsk, Malton or Filey for less than £1.30 a litre, and they would be hard pressed to buy a litre of diesel for less than £1.36 a litre.

I want to spend some time outlining the impact of these prices on rural communities, and I also want to set out why I fear that the diesel duty differential is affecting rural communities so harshly. Finally, I want to discuss the options to address this issue.

It is no secret that oil prices have reached a record high—barrel prices have reached $100. The fuel duty and VAT element of petrol prices both impact on drivers and as many people regard those elements as a form of double taxation, their effect on petrol prices is highly inflationary. It is generally thought that 20% of the running costs of a truck are accounted for by the cost of fuel duty at this time.

There is a high dependence on cars in rural areas, where we have limited public transport and where the car is a necessity for many people, particularly the elderly, those on fixed incomes and those with young families. In the words of the AA, in rural areas those on lower incomes are already being priced out of the market.

Harriett Baldwin (West Worcestershire) (Con): I congratulate my hon. Friend on securing this extremely important debate. I represent a rural area myself. Does she agree that there are so few petrol stations in rural areas that the existing rural petrol stations can charge much higher prices than petrol stations in towns?

Miss McIntosh: The problem is that the sale of fuel in rural areas tends to be less per vehicle. I have learned that people tend to "tank up" for two or three weeks at a time. That has an impact, as rural petrol stations do not face the competition for customers that exists in urban areas.

A particular concern for North Yorkshire is that we have had extremely adverse weather this winter, particularly in November and December, and in addition we have a particular reliance on 4x4 vehicles. I want to declare an interest, in that I run a partial 4x4 vehicle to ensure that I can access parts of my constituency that I would otherwise be unable to reach. We know that 4x4 vehicles are more fuel-efficient than they were in the past. However, for the reasons that I have given, diesel prices at the petrol pump are higher than they were in the past.

In preparing for this debate, I was surprised by diesel prices in the UK. I had understood that they were the second highest in Europe. In fact, the helpful note provided by the Library for this debate shows that the UK has the highest diesel prices in the EU, despite a pre-tax price that is among the lowest in the EU. The differences in diesel duty rates in EU countries are incredibly stark compared with those for petrol. In some member states, where there are lower diesel duty rates, the diesel discount is nearly 50%. By contrast, the diesel duty rate in the UK is 18p a litre, or 47%, higher than in any other EU country and more than 25p, or 80%, above the simple average for the other 26 member states. It is shocking that the higher cost is passed on to those of us who live in rural areas.

David Simpson (Upper Bann) (DUP): This is a very important subject, which is shown by the number of hon. Members attending this debate. In Northern Ireland, the rise in duty on fuel is obviously a major concern, given that we have a land border. The rise in duty causes major difficulty for all our constituents. However, I am sure that she will have seen reports in the press today that the EU may try to stop the duty and the VAT on fuel from being reduced. I am sure that that is a major concern for her constituents, as it is for mine.

Miss McIntosh: When the Minister responds to the debate, he may want to touch on that issue. Also, when I come to put my case for a rural rebate, I will acknowledge that there might be problems with regard to the EU directive in this sector.

Anne Marie Morris (Newton Abbot) (Con): I wonder whether my hon. Friend has examined the impact of rising fuel prices on micro-businesses. In our rural communities, micro-businesses are key, and the Federation of Small Businesses has estimated that rising prices will cost each one of these businesses, which are already sorely pressed, an extra £2,000 every six months.

Miss McIntosh: Some 6,000 small businesses in Thirsk, Malton and Filey will be affected, and I congratulate the FSB on its excellent campaign.

The impact on farmers—across north Yorkshire, farming is often the main business, and it certainly is in my constituency—of rising fuel prices has been catastrophic. That issue has pushed up the cost of producing livestock and the cost of taking livestock to market. Moreover, for those who train racehorses across North Yorkshire, many of whom are based in Thirsk and Malton, rising fuel prices have pushed up the cost of feeding the horses and the cost of transporting horses and jockeys to races.

Jim Shannon (Strangford) (DUP): As the hon. Lady has said, rural communities in particular are suffering, and the area that I represent, which is very much a rural community, is one of those that has suffered most. Does she agree that concerns have been expressed during

[Jim Shannon]

the past few months, particularly since Christmas, that some retailers were taking advantage of the situation in relation to the price increase? And does she also agree that there is perhaps a role for Government in relation to monitoring, controlling and regulating that situation?

Miss McIntosh: I am mindful of the point made by the hon. Member for Upper Bann (David Simpson) about the land border between Northern Ireland and southern Ireland. In the European Union, the dream place to live as far as fuel duty is concerned is Luxembourg. I am reminded of the queues that I saw on a road in Luxembourg, which existed because the fuel duty is less in that country. So I am very mindful of what the hon. Member for Upper Bann has said and, as I said earlier, I hope that that is an issue that the Minister will respond to, because rural communities seem to be bearing the brunt.

RAC analysis of the survey "Family Spending 2010" shows that spending on transport for the average household was £58.40 out of a total weekly expenditure of £455. Transport is the biggest single item of expenditure, bigger even than food, rent, mortgage or entertainment. Obviously, ancillary services will suffer if transport costs continue to rise incrementally.

There are four options to discuss today. The first is not very realistic—it is the option to do nothing and maintain the status quo. Personally I do not believe that that is a sustainable or realistic option. Obviously, my preferred option is for the Government to pause on 1 April and not to impose the 1p rise in duty. Of course, that increase will be the eighth duty increase to have been proposed by the previous Labour Government since November 2008. I am mindful of the fact that if it is imposed, it would add at least 4p more to petrol and diesel pump prices, on top of the 1p increase in duty in January and the VAT increase as well.

The perhaps more controversial proposal to introduce a fuel duty stabiliser was first put forward by the present Chancellor when in opposition. As shadow Chancellor, he launched a fairly full consultation in July 2008 on a fair fuel stabiliser, a mechanism to ensure that when fuel prices go up fuel duty falls:

> "So as the price of fuel rises, the amount of VAT charged also rises. This means that when the price of fuel goes up, the amount of tax charged on it also rises ...The current system also makes the public finances more unstable. This is because, when oil prices rise, the Government receives an unexpected windfall from taxes on North Sea Oil production. And when oil prices fall, the Government suffers an unexpected shortfall in revenues."

I take some comfort from the fact that the Chancellor, in his June Budget, said:

> "We are examining the impact of sharp fluctuations in the price of oil on the public finances to see if pump prices can be stabilised, and we will also look at whether a rebate for remote rural areas could work."—[*Official Report*, 22 June 2010; Vol. 512, c. 178.]

Roger Williams (Brecon and Radnorshire) (LD): The hon. Lady has set out the virtues of a fuel tax stabiliser, but does she agree that that still does not address the differential between prices in rural and urban areas, which makes it so difficult for the small businesses that I represent?

Miss McIntosh: I entirely take that point, and it is why one proposal that I will come on to is the rural rebate discount. I have no doubt in my mind that the fault for where we are lies very firmly at the door of the outgoing Government, and in particular of their Chancellor. In his 2009 Budget, he announced tax increases on roads, fuel, alcohol and tobacco, and set out fuel duty to increase by 2p per litre in September of that year, and then by 1p per litre above indexation each April for the next four years. The decision to increase duty rates in real terms was projected to raise £3.6 billion over the next three years from 2009-10 to 2011-12.

Mr David Hanson (Delyn) (Lab): Will the hon. Lady tell us whether she voted for the recent VAT rise?

Miss McIntosh: I will come on to that in a moment, but it would be nice to hear from the shadow Minister whether he feels any pain or anguish, or any need to apologise for where we are, particularly as many hon. Members from all parts of the House have today said that we are where we are. We need an all-party approach to get out of this, and since we know for a fact, from reading Lord Mandelson's book, that the Labour party, had it remained in government, would have been committed to increasing VAT, we will not take lectures from Labour Members today.

Motoring organisations and some road hauliers have set out their difficulties with a fuel duty stabiliser, and perhaps the Minister in her response will tell us what stage we are at concerning the assessment reached by the Office for Budget Responsibility about how the stabiliser will work in practice. Were a stabiliser to be introduced, is she convinced that the reduction would be passed on to the motorist? If the reduction remained with the oil companies, there would be no advantage in introducing a stabiliser.

Turning to the rebate for remote rural areas, I realise the difficulties in persuading the European Union of such a necessity, but having practised the art, both as a European Community lawyer—now a European Union lawyer—and during 10 years in the European Parliament, I am more well-versed than most in how to persuade the European Union and our fellow member states, many of whose citizens live in equally remote areas. People in rural areas should be entitled to a discount on the rate of duty.

With fuel duties, the principle would obviously have distribution effects, given the greater reliance in rural areas on both private and public transport. We can have a debate and an argument about how the reduction in duty can best be administered, and I realise that a differential duty would require special dispensation, but the UK, in looking to apply a derogation for a lower rate of duty for petrol sold in one area—Scotland, for example—fails to recognise areas such as Northern Ireland, where there is a land border with an area selling fuel at a lower rate of duty. Also, remote areas that are particularly rural and do not have large centres of population, where people do not have schools closer than 13 or 15 miles and have to travel some distance to do a weekly shop, will be particularly penalised.

Andrew Bingham (High Peak) (Con): My constituency is very rural and contains a huge amount of quarrying. The quarries are remote, and most of the stone is carted

out by road, with hauliers paying high fuel prices. Stone is a building block for much of the economy, so does my hon. Friend agree that if there were a rural consideration, the benefits would descend to people in non-rural areas?

Miss McIntosh: My hon. Friend has provided an appropriate example of a business that depends heavily on road haulage to get its product to market, and I am sure that it would be a particular beneficiary if the fuel duty stabiliser or a rural rebate were introduced.

Domestic fuel is a subject that appears in my mountains of correspondence. One or two people have expressed concern about the possible operation of a cartel, particularly in the north of England—Yorkshire, the Humber and the north-east—in domestic heating oil prices. I welcome the fact that the Government have grasped that issue and are looking into it through, I understand, Ofgem, but I hope that one of the purposes of this debate is to push at what might be an open door, to press the Government to, at the very least, examine both where we are and how we got into this difficulty. My constituents have expressed their concerns in fairly strong terms. One stated:

"I like many other people in this country am fed up with having to pay over the odds in tax for what is to many people an absolute necessity rather than a luxury"

Another wrote:

"I am the owner of a small business and am extremely concerned about increases in fuel duty, which have hit the small business sector the hardest."

Andrew George (St Ives) (LD): I congratulate my hon. Friend on securing this important debate. I have written to the Economic Secretary about the pilots that were announced last October for the proposed rural area rebate. EU Finance Ministers' approval will be required before we can even get the small pilots going on the Isles of Scilly and in Scotland, which will take some time. Does she agree that it is really important that the scheme is rolled out as quickly as possibly, and that the Government need to go a stage further and indicate which rural areas they intend to cover?

Miss McIntosh: I am taken by my hon. Friend's arguments, but we learned a lot from the smash-and-crash approach of the Labour Government, who announced that they were introducing a 1p increase due to the state of the economy and the fact that the price of oil was $149 a barrel. The Prime Minister's response to my question showed a responsible attitude. We need a responsible, well-thought-out approach in the Budget. Then we can have pilot schemes in North Yorkshire, Cornwall, Scotland and Northern Ireland.

Julian Smith (Skipton and Ripon) (Con): I support my hon. Friend's argument. Although the Financial Secretary has said that far-flung areas of Scotland might qualify for rural pilots, North Yorkshire is the most rural county in England and must surely qualify for a pilot if the Government decide to run some.

Miss McIntosh: I am delighted that my hon. Friend and neighbour has put the case so eloquently. Rural communities, such as those in North Yorkshire, are suffering, and they deserve special attention.

Jake Berry (Rossendale and Darwen) (Con): On perceived price fixing between local retailers, I wrote to several major supermarkets in my area before the general election. Fuel is 7p a litre more expensive in Rossendale than in the immediately adjoining town of Bury. The supermarkets wrote back to say that there is a small geographical area in which they fix their prices. Is that not a case of major retailers charging people what they can bear rather than what is necessarily fair?

Miss McIntosh: Several hon. Friends have made comments that I hope the Government will take up, not least of which is the fact that some small independent retailers who try to offer fuel in rural areas are being priced out of the market because suppliers 20 miles away undercut them substantially. All those issues are worthy of further investigation.

Andrew George: Will my hon. Friend give way?

Miss McIntosh: I am drawing my remarks to a conclusion.

I believe that we are pushing at an open door, and I take this opportunity to press the Government to change. Doing nothing is not a realistic option. The price of fuel is one of the most pressing issues facing those in rural communities. The small businesses that drive our economy, including the 6,000 small businesses in my constituency alone, are suffering particularly. Fuel forms a large part of individual household income, and it is extremely inflationary in pushing up the price of everyday items. UK hauliers already pay as much as £12,000 a year more than some EU competitors. As I have said, we now have the highest duty on diesel, yet our diesel is the most cheaply produced.

I make a plea to the Minister to stop the 1p increase on 1 April, consider seriously a fuel stabiliser and a remote rural rebate or discount, which would have a favourable impact on many rural constituencies represented in this Chamber, and address the discrimination against rural dwellers endemic in current pump prices. The differential between diesel and petrol is now unacceptable and must be addressed. I urge the Minister to respond in the most favourable terms possible for the good of families, farmers, the elderly, those with young children, small businesses and all of us in rural areas who depend on cars.

9.54 am

Mr Alan Reid (Argyll and Bute) (LD): It is a pleasure to serve under your chairmanship, Mr Turner. I congratulate my hon. Friend the Member for Thirsk and Malton (Miss McIntosh) on securing this debate. The issue is important for those of us who represent rural communities, as the large turnout of hon. Members from the two coalition parties and Northern Ireland indicates. However, the right hon. Member for Delyn (Mr Hanson) casts a lonely figure on the Labour Benches. I also note that no Scottish National party Members have turned up, which is a scandal considering all the things the SNP is saying in the Scottish press. It shows that the SNP's priorities are completely wrong.

Representing a sparsely populated rural constituency as I do, I am only too aware of the impact of high fuel prices on people and businesses. I represent many islands of the Inner Hebrides. To give some examples, the price

[Mr Alan Reid]

of fuel on larger islands such as Mull and Islay is typically 15p a litre higher than at a city centre supermarket, and on the smaller islands such as Coll and Colonsay, the price is usually about 30p a litre higher. That obviously has a great impact on people's living standards and on anyone on the islands who is trying to run a business.

I was therefore delighted when the Government announced their intention of pursuing a pilot scheme under which a 5p per litre fuel duty discount would be introduced on many islands, including the Inner Hebrides. I know that the Government need EU permission to go ahead with the scheme, that it takes time to get such projects through the EU and that it is important that the Government get their proposals right, but I urge them to take the proposals through the EU as quickly as humanly possible. I hope that there will be no objections in the EU. Several other countries—Greece, Portugal and France—have similar discount schemes on their islands, so I hope there would be no obstacle to our island pilot scheme. However, as other hon. Members have said, it is not just on the islands that the price of fuel is high. It is the same in many rural parts of the country.

Andrew George: I am grateful to my hon. Friend, who is making an excellent case. My constituency, like his, would benefit from the proposed rural rebate, especially the Isles of Scilly, which have just 2,000 people. He is absolutely right that it should be a fait accompli at the EU level, because the principle is already established. The difference in price on the Isles of Scilly is much the same as in his constituency. Does he not agree that we must press Ministers not only to get the proposals through the EU as quickly as possible but to indicate where the pilot will be rolled out beyond the small areas that will benefit in the first phase?

Mr Reid: I agree. Some 6,000 of my 60,000-odd constituents will benefit from the pilot scheme, but I hope that it can be rolled out later to other rural parts of the country. However, the most important thing is to establish the principle. My hon. Friend will share my frustration that throughout the last Parliament, we proposed such a scheme every year in the Finance Bill and, although we often heard noises of sympathy from Labour Ministers, no action whatever was taken. It is important to establish the principle, which is why the pilot scheme is so important. Once the principle is established and is shown to work—Labour Ministers always said that it could not, in practice—we can prove it will work. It is important to establish the pilot and prove that it works. Then we can roll it out to other rural parts of the country.

On the coming Budget, the previous Government introduced the fuel duty escalator, which increased fuel duty by 1p over and above the rate of inflation. According to my calculations, that means that the tax on fuel would have increased by 4p in the coming Budget if Labour were still in power. Thankfully, they are not. I think we have established that any argument that fuel duty must increase for environmental reasons no longer stacks up. Market forces have already driven the price of fuel very high, which deters people from using their cars. Any further fuel duty increase would not help the environment; it would simply harm the rural economy.

Dr William McCrea (South Antrim) (DUP): It is easy for the coalition to knock the previous Government, and I have no objection to that at all. However, the coalition Government will be judged by what they do rather than what they say about the past.

I draw to the hon. Gentleman's attention the fact that many rural dwellers do not use cars as a luxury. They use them because there is no alternative. Many of my constituents have no good local bus service and no train. We should bear in mind that they use their cars not out of luxury but from necessity. The Government say that transport sits at the centre of the rural economy; let them prove that they mean that.

Mr Reid: I agree. In my own constituency, particularly on the islands, there are no trains, buses are few and far between, and it would not make sense for the local council to subsidise a bus service for only one person. That would be less beneficial to the environment than people using their cars.

I agree that it is easy to knock the previous Labour Government and that this Government must be judged on their record. It must also be pointed out that we face an enormous budget deficit and that the budget has to be balanced. I recognise that fuel duty brings in a lot of money for the Treasury, but I urge the Chancellor to find another way of raising revenue. Fuel duty discriminates against rural areas in a way that no other tax does, and almost any other tax increase to substitute for the fuel duty escalator would be an improvement. I will doubtless be considered a heretic at the Treasury for saying this, but why not put up the basic rate of income tax? The pillars of the Treasury may collapse at the idea that such heretical thoughts are still around. Every Chancellor for the past 30 years seems to have viewed bringing down the basic rate of income tax as a totemic symbol, but it is a much fairer tax than fuel duty because its impact is equally felt throughout the country, whereas fuel duty impacts far more heavily on rural areas. I therefore urge the Chancellor to abandon the fuel duty escalator policy that he inherited from the previous Government, and raise any other tax in order to balance the budget.

In conclusion, let us get the islands' fuel duty pilot up and running as soon as possible, and abandon Labour's fuel duty escalator in the Budget.

10.1 am

Ian Paisley (North Antrim) (DUP): I, too, congratulate the hon. Member for Thirsk and Malton (Miss McIntosh) on securing this important debate. I am delighted that we have the opportunity to talk about the issue and that the Minister is present to listen to the concerns being raised, to which I hope she will be able to respond positively—if not today, then at least in the Budget.

In *The Daily Telegraph* in January, Boris Johnson wrote the immortal words that

"when it costs more to fill your tank than to fly to Rome, something is seriously wrong."

I say a profound "Hear, hear!" to that—there certainly is something seriously wrong when it costs less to fly to Rome than to drive to Cullybackey in my constituency. Although that is a humorous point, it is—like all such humorous points—a telling one. The pips are now squeaking throughout this country, and none more

loudly than in rural parts. Many hon. Members have already indicated that the car is not a luxury for people who live in rural areas. The hon. Lady made clear the necessity for four-wheel drive vehicles in rural parts of these islands. They are absolutely essential. That has to be driven home to the Government, who live mainly in cities. They have to recognise the needs of the rural community.

I say a huge "Hear, hear!" to the words of the hon. Member for Argyll and Bute (Mr Reid), who spoke about an island pilot scheme. I am glad that I live on an island—it is called Ulster—and I hope that such a pilot scheme will apply there as well. I flew today from the mainland of Ulster to this island to participate in this debate, so I hope that there is recognition for a fuel stabiliser from my island as well as the hon. Gentleman's island. It is critical. Parts of England, Wales and Scotland have remote rurality, but if ever such remoteness was multiplied—there are a channel and seas between us—we are on the periphery of the periphery. On that basis alone, we deserve some sort of recognition for our rural areas and recognition that help will be given.

I was delighted to see in the agreement that formed the new Government recognition that something was going to be done to address inflated fuel prices. I am sure that, if we cast our minds back to the election, we would all recall that fuel prices were exceedingly high and that our potential and actual voters said on the doorsteps, "You have to do something about fuel prices." That lost momentum—it is almost as if the car is no longer filled with fuel and has stalled. Now that prices are back up, as the hon. Lady has said, to 136p—15p higher in parts of Scotland, and 10p in parts of Northern Ireland—surely the momentum must be put back into the issue and the Government must grasp the nettle.

Jim Shannon: Since the coalition came into power last year, fuel has risen by £2.35 per tank. Does my hon. Friend think that the onus is on the coalition Government to address that issue?

Ian Paisley: The hon. Lady has rightly indicated that there are four options. As a member of an Opposition party, I am prepared to leave it to the Government and say that it is up to them to come up with a solution. Let us hope that we can get something with cross-party and cross-House support, and that we can drive it forward so that it makes a difference for the people who send us here. I think that we can all agree on that.

David Simpson: While we are having a go at the coalition, I might as well join in. Does my hon. Friend agree that the coalition needs to realise that, where Northern Ireland is concerned, millions upon millions of pounds of revenue are being lost to the British Exchequer every single year the longer this goes on?

Ian Paisley: Yes, that is an excellent point, and I want to comment on the issue of smuggling later. I emphasise the points made by other hon. Members that the Budget gives this Government the opportunity—I hope that they will take it and listen to the concerns—to come up with a solution that we can get behind and support.

Gavin Williamson (South Staffordshire) (Con): The hon. Gentleman speaks eloquently about the importance of dealing with the issue. If the Government are able to deal with it, will the Democratic Unionist party and others march through the Government Lobbies in support of the Budget?

David Simpson: We are well used to marching.

Ian Paisley: At home, if I march, I need to fill in an 11-bar-one form. The hon. Member for South Staffordshire (Gavin Williamson) may not be familiar with that form, but here I have the luxury of parading anywhere I want. If I support the Government's proposal, I will happily lead the charge through the Lobbies and he will follow in my wake.

On average, petrol at home is about £1.30 or £1.35 per litre, depending on where it is bought. Of that maximum £1.35, 80p is a combination of taxes. People have talked about holding back the 1p increase in April, which will make a difference of about 2p or 3p at the pump, but we need something that will make about 25p difference at the pump if we are going to get not only the rural community, but hauliers and local industry moving again, and people with get up and go to recognise that the economy is starting to breathe and move again. The Government have a serious duty to address that.

My hon. Friend the Member for Upper Bann (David Simpson) has touched on the issue of smuggling. High prices encourage smuggling, and on my island it is incredibly easy to smuggle, because we have a land border with another nation state which has a different fuel price. If ever there was an open invitation or open goal to the smuggler, that is it. The Minister will know that in Northern Ireland alone—these figures are staggering—£200 million is lost each year to Her Majesty's Revenue and Customs because of smuggling. In the Republic of Ireland, a further €140 million is lost to their Exchequer because of fuel smuggling. On top of that, environmental waste and damage are caused as a result of removing the various tracers and markers from fuels. That causes untold environmental pollution and harm.

If we have a fuel stabiliser, or the fuel price differential is altered and brought in to recognise those differences, the opportunity to smuggle and to cause crime and waste will no longer exist. We are only encouraging crime if we do not address the matter. That is another solid reason why the Government must get behind dealing with the issue of having fair fuel prices. They could, of course, do so through a taxation cut.

Dr McCrea: Does my hon. Friend agree that people are looking for clarity about how we arrive at the price of our fuel in the first place? Soaring prices at the petrol pumps are causing anger, particularly bearing in mind that many of the companies concerned recently announced massive increases in profits.

Ian Paisley: Clarity is important. Yesterday, I took the opportunity to check how the price differential is made up. Some 58.9p on every litre is duty, and a further 22.3p is VAT. The price of the actual commodity—whether it is diesel or petrol—is currently around 46p. Then, of course, the person who is pumping the fuel has to make a small profit, which is usually a matter of pence—about 5p. There is something seriously wrong when 80p of that is all tax. As I have said, it is getting to the point when people in remote rural communities can

[Ian Paisley]

no longer get around. The closure of petrol stations in my constituency means that it is 16 miles between some villages and the local petrol station. If someone runs out of fuel, they are stuffed. People have to start thinking ahead, buying fuel and bulk storing it. That is not safe; it is hazardous. We must recognise that we are putting immense pressures on our rural communities. Such a situation must be addressed.

I leave hon. Members with those thoughts. As I have said, like many hon. Members, I am prepared to leave it to the Government to come up with a solution that we can get behind. I am glad that the Minister is here—I can see that she is taking notes—and I hope that she is able to give us some encouragement at the end of the debate. I look forward to the Budget, which will be the opportunity for the Minister to respond.

10.12 am

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): I congratulate my hon. Friend the Member for Thirsk and Malton (Miss McIntosh) on securing this important debate. I apologise to her, the Minister and yourself, Mr Turner, for possibly having to leave before the Minister has completed her wind-ups.

I shall try to bring together some of the comments made this morning by mentioning two examples from my constituency that illustrate the problem we have. The first issue is something we have not referred to this morning: the cost of domestic fuel for purposes other than simply driving. I thank my constituent Colin Keen for raising that matter. I shall give a quick example. Between Christmas eve and about the middle of January, people who were tied into domestic fuel contracts with a company called Flogas had a 46% increase in their fuel prices. That is an unsustainable and unjustifiable increase, which has a considerable indirect and direct effect on the rural community and the rural business network. It would be helpful for the Minister to address the problem experienced—at least in my part of the world—by a number of householders who are on large estates. They are tied into lengthy fuel contracts that they cannot reasonably or, in some cases, legally get out of. Their domestic fuel prices are apparently being adjusted without any reference being made to them and without them being able to do anything about it at all.

The second example I shall refer to is that of another constituent, Mr Barry Jones. He has studied local supermarkets and has pointed out that we are not necessarily getting a fair crack of the whip from them. He highlighted that Tesco in the rural town of Carmarthen is charging different prices from Tesco in the more urban setting of Llanelli down the road. There is up to 4p a litre difference. Tesco in Carmarthen argues that it is setting its prices in line with local suppliers. That is fundamentally untrue; it is not. It is setting its price at a rather different rate. I cannot help but think that such a situation is slightly ironic when I see a Tesco tanker with a slogan on it that reads: "Why pay more?" The answer is: because we have no choice. Perhaps we can address the grip that the five big supermarkets seem to have over every aspect of our lives, particularly in rural communities.

My hon. Friend the Member for Thirsk and Malton made a further point in her introductory comments about the overall inflationary effect of the issue on rural communities. What we are seeing—and what was being reported on the BBC this morning—is that there has been a much more profound increase in the price of things we need over and above the price of things we want. Fuel hikes have a very different downstream impact on the things we need compared with the things we occasionally want.

That brings me neatly to a further comment about the definition of rurality, which has been touched on in different ways by a number of hon. Members this morning. Several years ago, I tried to get a proper definition of rurality and, perhaps rashly, I asked the pollsters Ipsos MORI for one. It did not have a definition of rural and the people I asked simply said to me, "Well, it's anything that isn't urban." If I may respectfully say so, that is a particularly unhelpful suggestion. Rurality comes in very different forms: isolated, very isolated, fairly isolated and, simply, rural. We need a clearer indication from the Minister and perhaps other interested bodies of what rurality and isolation really mean. I can foresee that some difficult choices and decisions will have to be taken and that they will be based on a line on a map that might mean everything to a bureaucrat, but that will mean absolutely nothing to those of us who live and breathe rurality every day. We might have constituents who fall the wrong side of a line and are prejudiced against—I accept that that might be unintentionally—as a consequence. That definition is important.

We have been told that up to 600 filling stations are closing every year, which means that people have to travel that much further to get their essential fuel. We are told that local authorities in certain parts of the country are cutting back on their rural bus services because of the increase in fuel prices and the downstream effect of that. However, we cannot lose sight of the direct and indirect effects of the issues discussed in this morning's debate. The matter is affecting directly and indirectly pensioners, care workers, volunteers and hauliers. I can think of two hauliers in my constituency that are based in isolated rural areas so that they can be close to the ports of Pembroke dock and Fishguard. They are in an ideal location, but they can pretty well do nothing about fuel prices. They cannot even go over to Ireland—the Republic—and get a better price. Such price increases are playing havoc with their cash flow.

Roger Williams: The hon. Gentleman's hauliers, like my hauliers, suffer competition from people who come over the channel with a full tank of fuel and carry out transport business. That is a great disadvantage to our hauliers, who have to pay the full amount applicable in this country.

Simon Hart: That is a good point. I think I recently read a coalition announcement that a surcharge might be applied to those foreign hauliers. It is worth remembering that hauliers cannot function without three things: vehicles, drivers and fuel. We cannot simply turn around and say that they have to address their overheads in the way we might do so with other businesses. They cannot function without those three vital ingredients.

I shall finish by touching on the big society—I think I have read about that in the news in the past 24 hours—and the social mobility that will come as a result of that. Every hon. Member who has spoken this morning has

mentioned the effect of fuel prices, whether domestic or for vehicles, on their daily lives and on how they conduct their businesses. Every one of those observations could have been a direct reference to the big society. We cannot deliver the big society in rural Wales or rural Britain under the current conditions. There are people out there for whom the big society has been a part of their daily life for years, but it is becoming increasingly difficult to be champions of the big society because of fuel duty.

I am not high enough up the political food chain—nor, indeed, are other hon. Members here—to make these decisions, but they need to be made and, as an hon. Member said, they need to be made urgently. Whether it is a rebate, whether it is a stabiliser, whether it is a freeze on duty, or whether it is a combination of those things, the most pressing need for rural Britain if it is to be able to remain in business and deliver the big society is clarity and urgency. I hope that the Minister can address them both this morning.

10.20 am

Sheryll Murray (South East Cornwall) (Con): I congratulate my hon. Friend the Member for Thirsk and Malton (Miss McIntosh) on securing this debate. It is essential that we discuss this matter, because of its severe effect on constituencies, such as mine in south-east Cornwall. There is no doubt that high fuel prices affect everybody, but in our rural constituencies they have a disproportionate effect.

South East Cornwall has a large number of self-employed people, small businesses and people who have to commute, and we have a very poor public transport infrastructure. The railway timetables are such that often the train cannot be taken and bus companies find it increasingly difficult to provide the service that is needed, so people rely on their cars. My constituents write to me time and time again about the cost of petrol. I stood at the general election on a manifesto that contained the fair fuel stabiliser. I hope that the Chancellor of the Exchequer will include provisions for that in the Budget so that my constituents, including businesses and the self-employed, are at least able to budget for a 12-month period, rather than have their profits decline continuously because of the high rise in fuel prices.

I echo what all hon. Members have said in the debate, but there is one issue that has not been addressed, which is the effect of current fuel prices on our shipping industry. I declare a special interest because my husband is a commercial fisherman. People do not seem to understand that, while our fishermen are able to reclaim the duty they pay, it has a detrimental effect—in fact, a disastrous effect—on their cash flow. There are fishermen in my constituency who go to sea in dreadful weather conditions, but do not secure any return from their catch because it all goes on fuel.

Jim Shannon: Part of the point expressed by the hon. Lady relates to fuel, but also to the price of the commodity being less than it was three years ago and to restrictions from Europe on days at sea. Those reasons, along with the fuel increase, are why the fishing industry is in dire straits today.

Sheryll Murray: I could not agree more, but I want to stick to the issue of the price of fuel, which is having an effect on our farmers, our hauliers, our fishing industry and on small businesses in my constituency. In South East Cornwall, most businesses are tiny and cannot stand the impact of increasing fuel prices on their cash flow for much longer—it cannot continue.

To sum up, Cornwall has a large number of residents who have no access to the mains gas supply, or other, cheaper alternative supplies of heating. The increase in fuel duty affects the ability of a lot of my constituents to provide heating in their homes.

Dr McCrea: Does the hon. Lady acknowledge that there is frustration in the community that, when a barrel of oil on the international market goes up, the price rises immediately, yet whenever there is a decrease, there seems to be a long period of time before the price deflates again? Is that not another issue that needs to be tackled by the Government?

Sheryll Murray: The hon. Gentleman sets out a very good case for the introduction of a fair fuel duty stabiliser, which would cushion that effect.

Finally, I would like to mention the rural rebate and make the case for the whole of Cornwall to become a pilot for the rural rebate. We already have convergence funding, so there is already recognition that Cornwall is a special economic area. I ask the Chancellor to ensure that Cornwall is considered as a recipient of a rural rebate.

10.26 am

Glyn Davies (Montgomeryshire) (Con): Thank you, Mr Turner, for calling me to speak in this debate, which is of huge importance. I, too, congratulate my hon. Friend the Member for Thirsk and Malton (Miss McIntosh) on securing this debate. This issue is probably more important and relevant to the problems facing my constituency at present than any other that I can think of, and it dominates a lot of conversations.

I intend to make a fairly short speech because hon. Members have raised most of the points I wanted to raise; I do not want just to repeat them. However, fuel duty is particularly important where I live for two main reasons. One is the absolute cost. As with a lot of rural areas, fuel is essential to us. We cannot just pick up a newspaper in a local shop; we have to drive to the shop. We cannot access any services without having to drive to them. That point is more relevant in a sparsely populated area than anywhere else.

The second issue is competitiveness, about which my constituency neighbour, my hon. Friend the Member for Brecon and Radnorshire (Roger Williams), made—twice, I think—an important point. Competitiveness is important because it affects not just transport hauliers from overseas but those in Britain. The position of small businesses and individuals where we live is incredibly difficult because of competition. The price of fuel is acting as an anti-regional policy that is persuading people to move out, simply because of cost. This is not about individual, large purchasing decisions; it is the accumulation of all the little things that everyone has to buy that makes living so much more expensive.

I do not live on an island, but Montgomeryshire, and Brecon and Radnorshire, are very sparsely populated. Most of the sparsely populated parts of Britain are probably represented here by hon. Members who have

[Glyn Davies]

made interventions. We want something to be done, but I know perfectly well that that is much easier said than done. There are two issues that must be dealt with: we have to face up to the world market that has caused fuel prices to rise, and which we do not have any great control over; and there is the state of our public finances, which the Treasury has to deal with. We are in huge debt and massive interest payments must be repaid—that cannot be denied. To ask the Chancellor of the Exchequer to reduce taxation anywhere in the Budget is a difficult request, and a balance must be struck. However, we also know from what he has said previously that he is sympathetic on this issue. He has spoken about a fair fuel stabiliser in the past, and that is certainly one way to address it. I can see the question of the use of a fair fuel stabiliser giving rise to great difficulties, and I am certain that the advisers working for the Chancellor are looking at how those difficulties could be ironed out. I can see that there are problems.

The second issue, which interests me more because it is getting a lot of coverage, is one that many Members have spoken about today and which I would favour: giving some form of concession to the parts of the country that are deemed to be sparsely populated or rural, where the impact of the price of fuel is greatest. It is said that we are talking about a figure of only 5p per litre, and that the concession would apply only to the remotest parts of Britain. In that regard, I, like others who are present today, want to make a pitch for where I live. Rural Wales is sparsely populated, and if we are to start this initiative in the remotest parts of Britain—that is what is being discussed—and if the Chancellor has to negotiate with the European Union on how a pilot scheme might be introduced, I hope there will be an early roll-out to constituencies such as mine, where it might make a difference.

Roger Williams: My hon. Friend does not need my help—he speaks with great experience and passion on this matter—but some people consider Cumbria the most sparsely populated area in England, although, as he and I know, Powys is four times more sparsely populated. That may add some strength to his bid.

Glyn Davies: I am hugely grateful to my honourable neighbour, if that is a proper parliamentary term to use. No, I did not know that it was four times more sparsely populated. As he started to speak, I was intending to go straight to Google to find out the relative levels, but I accept the figure he gives. We know that Powys is sparsely populated. In the past, there would have been Government initiatives to address the problem, but I cannot think of any current great initiative. We need one, and we need to be added to the list of places where fuel price alleviation might be provided.

I wanted to make this contribution, first, because the issue is hugely important to my constituents, and, secondly, to encourage the Chancellor to recognise in his Budget that it is one of the greatest problems facing the remotest parts of rural Britain. The insidious impact is, as I described earlier, an anti-regional policy that makes it far more difficult to bring development to the remotest parts of our country.

Mr Andrew Turner (in the Chair): I call Andrew Bingham. You have until 20 minutes to 11.

10.32 am

Andrew Bingham (High Peak) (Con): Thank you, Mr Turner. I, too, congratulate my hon. Friend the Member for Thirsk and Malton (Miss McIntosh) on securing this debate. Much of what needs to be said has already been said, but I would like to make some quick points on rurality.

There are certain goods that can come only from rural areas. I have alluded to stone from quarries, and there is also milk from our farms. Such goods have to go into urban centres, so the people who transport them are based in rural areas. Big haulage contractors are based in High Peak because that is where the product is. The impact on small businesses based in rural constituencies has already been mentioned, and, if we are not careful, the price of fuel will drive such businesses away from rural areas into urban areas, thereby accelerating the demise of rural towns.

The Ferodo brake linings factory is in my village of Chapel-en-le-Frith. Shops in and around the village exist on the back of that factory and the people who work in it. If we drive such companies into urban areas, our small towns will suffer.

The Countryside Alliance has produced statistics showing that people who live in rural areas spend a higher percentage of their income on fuel because of the lack of public transport. Since I was elected to this place, I have been impressed by the transport in London. There are buses and the tube—there are various ways of getting about that are not available to people in rural areas. The bus I use to come here runs every six minutes, but buses in rural areas run every half hour or less, which makes getting around more difficult. Consequently, people spend more of their income on private transport. I believe that the average rural resident travels about 8,700 miles on private transport, whereas it is about 5,000 miles for an urban resident. That equates to an extra £200 in tax in a year.

Ian Paisley: One bus in my constituency comes once a day, and another bus—a charity bus—comes once a week.

Andrew Bingham: I am sure that that is right, and I am sure it is the same in other areas. That brings me to considering the solution. I know that the Chancellor is looking at the issue—he said so in the House—and I understand that he is in a very difficult position because of the financial implications. We have spoken about concessions for rural areas. My concern with that is defining what is rural and what is not. I have various small towns and villages in my constituency, such as Glossop, which shares a boundary with Greater Manchester. It may not be considered rural, but one can go a few miles up the road to a little village called Sparrowpit which is very rural. Like my hon. Friend the Member for Carmarthen West and South Pembrokeshire (Simon Hart), I worry that a line will be drawn and people will fall on the wrong side of it.

The answer is the fair fuel stabiliser. I know it is a difficult issue, and I have great sympathy with the Chancellor and the Treasury team who have to determine how a stabiliser would be introduced. Perhaps we need to hold off on the duty rise that is due while we try to get it working. Many of us here are standing up for

rural areas. I do not think that people in urban areas really understand how big an issue this is to those in rural areas who fill their car up perhaps two or three times a week if they have to drive here, there and everywhere, and how much that impacts on the household budget.

I thank you for giving me an opportunity to speak, Mr Turner, even though I had not notified you earlier.

10.36 am

Mr David Hanson (Delyn) (Lab): I congratulate the hon. Member for Thirsk and Malton (Miss McIntosh) on securing this debate, which has drawn a great deal of interest. The fact that some 20 Members from all parts of the United Kingdom—Northern Ireland, Wales, Scotland and England—contributed to it shows how important the issue is across the whole of the UK. I confess that for a moment I felt like the 24th Regiment of Foot at Rorke's Drift—I felt that I was surrounded by thousands of Government Members—but I was pleased that at some point the focus of the debate shifted to the Minister rather than the Opposition.

Miss McIntosh: I am delighted to see that the right hon. Gentleman has been joined by a reinforcement on his side. Does he think there is any reason for this issue registering so little in the interests of members of his party that no one else has turned up to participate in the debate?

Mr Hanson: I have hon. Friends who represent rural areas. I myself represent a rural constituency. In 2000, the well-known fuel dispute commenced in my constituency because of concerns over fuel prices—we have an interest in the matter.

My first point in response to what the hon. Lady said is that the previous Labour Government did try to address the issue. She will know that striking the right balance between taxation, the environment and affordability of car transport is critical, and that is why Labour, when in government, postponed fuel duty rises when the cost of petrol was high. In October 2008, we postponed the 2p per litre rise to help alleviate the pressures that we recognised were there.

When the fuel dispute took place in my constituency, petrol was around £1.06 to £1.07 per litre. In my constituency, it is now around £1.28 per litre—slightly less than has been mentioned today but a big difference—and, as Members have said, that impacts on businesses, schools, commuters and a range of issues generally. My first thought was, if that is the case, what have the coalition Government, who have had the opportunity to tackle the issue, done since last May? In an intervention, I explained to the hon. Lady that she voted for VAT increases which, according to the House of Commons Library, have added around 2.6p per litre to the price of petrol. Those are important issues. I do not want to focus on the negative, but we cannot get away from the fact that the price of petrol is higher now than it was when Labour left office, and it is higher because of the VAT increases for which she voted.

Miss McIntosh: Is the right hon. Gentleman denying that it was his Government's policy, had they continued in government after the election, to introduce VAT increases which would have had a negative impact?

Mr Hanson: There is a range of issues. We would have had to see what we would have done. We had a range of plans to tackle the deficit, but, in my view, VAT is a regressive tax.

Miss McIntosh: That is a yes.

Mr Hanson: The hon. Lady might want to, but she cannot hide from the fact that her vote—and the votes of all hon. Members who have spoken today from the Government Benches—has added to the increase in the price of fuel since May last year. That is an uncomfortable fact for them, but that is what they have done. Again, I do not want to focus on the negative, because we have had some positive discussions. However, when attacked, I tend to fight back. Unfortunately, that point was made, so I have to reply on the record.

We have had a number of suggestions, all worthy of consideration. I will look at each in turn. The hon. Lady discussed the issue of the fuel duty stabiliser. The issue was raised during the election, and the hon. Members for South East Cornwall (Sheryll Murray) and for High Peak (Andrew Bingham) also touched upon it today. The fuel duty stabiliser involves some problems, so an explanation from the Minister as to where the Government are on their election pledge from last May would be worth while. The Government's own Office for Budget Responsibility said recently that the idea of a fuel duty stabiliser is unworkable. I share that view, on behalf of the official Opposition.

In principle, the concept is simple: as oil prices go up, fuel duty will go down; and as oil prices drop, fuel duty goes up. The motorist, therefore, pays more or less the same for fuel and the Exchequer gets more or less the same in revenue. However, in reality, the suggestion is far from simple. On 14 September, the Office for Budget Responsibility published an assessment of the effect of oil price fluctuations on public finances, with the aim of informing the debate. The report found that a temporary rise in oil prices would have a negligible effect on UK public finances, while a permanent rise would create a loss. The Government would find introducing a fair fuel duty stabiliser difficult because, as the head of the OBR, Robert Chote, suggested a couple of weeks ago,

"a fair fuel stabiliser would be likely to make the public finances less stable rather than more stable".

A 1% reduction in petrol duty would cost the Exchequer around £130 million. The fuel duty stabiliser, depending how it was operated, could cost between £3 billion and £5 billion of public expenditure. The stabiliser was a manifesto commitment, which the Conservative Government wish to carry out, but they need to explain how they will do so and how they will compensate for the loss to the public purse of such a sum. My rural constituents, as well as my urban constituents, will have to find that money from somewhere else, whether in public service cuts or extra taxation. The then Liberal Democrat spokesman, now the Secretary of State for Business, Innovation and Skills, said in opposition that he believed a fuel duty stabiliser would be "unbelievably complicated and unpredictable", which the OBR has confirmed. We need an explanation of where we are. Is the fuel duty stabiliser still a live option? Do the Government intend to keep their manifesto commitments? What would the cost to the public purse be of the potential

[Mr Hanson]

loss of income from the stabiliser? Since the election, all we have seen is a rise in VAT to 20%, which has increased petrol prices, not decreased them.

The hon. Members for High Peak, for South East Cornwall, for Montgomeryshire (Glyn Davies), for Carmarthen West and South Pembrokeshire (Simon Hart) and for North Antrim (Ian Paisley) suggested that we look at the idea of a rural derogation, which the Liberal Democrats proposed in their manifesto. The idea seems to have been adopted by the coalition. However, the pilot at the moment is simply for the Northern Isles and for the Isles of Scilly. We have also had representations today for the "island of Ulster", as the hon. Member for North Antrim called it, as well as from Cornwall and mid-Wales—a very rural area, I know, as pointed out by the hon. Members for Brecon and Radnorshire (Roger Williams) and for Montgomeryshire—and from the hon. Members for High Peak, for Thirsk and Malton and for Skipton and Ripon (Julian Smith). Such areas should be included in such an issue.

How would the Government define a rural area, given the issues raised? Half of my constituency is extremely rural and half extremely urban. Throughout the Chamber, we have had discussion about where the border falls. The difficulties are real. First, why have the areas chosen for the pilot been selected? I could make a strong case for parts of Northern Ireland, where I served as a Minister, parts of mid-Wales, which I know very well, or parts of North Yorkshire.

Andrew Bingham: The right hon. Gentleman called for the rural derogation, which I am not against. However, that worries me, because I sort of agree with him. My constituency is rural, but includes two fairly sizeable towns, so where the lines are drawn would concern me. We could have that same problem of people shipping petrol across the lines.

Mr Hanson: The issues are real. Again, in response, can the Minister tell me why the pilot areas were chosen? What is the assessment of rolling out a rural derogation throughout the United Kingdom? What are the cost assessments for the pilot areas and, indeed, for the other areas bidding today? How do we change the current scheme of taxing oil when it leaves the refinery, rather than at point of sale?

Roger Williams: On people travelling to get cheaper fuel, the idea of a derogation is to equalise the price between areas, not that it is cheaper in rural areas than in urban areas.

Mr Hanson: As the hon. Gentleman knows, that still involves a cost. We have already seen great bids from a number of parts of the United Kingdom for the derogation to be applied.

Currently, tax on oil is levied on leaving the refinery, rather than at point of sale. The complex issues of a derogation involve not just fairness but also applicability and how to achieve the aims wanted on the ground. The Government must reconsider the real issues.

Finally, one of the big issues in the Chamber that has not been explored was touched on briefly by the hon. Member for Montgomeryshire: the role of the oil companies in the price of petrol. Shell will have made £1.6 million in profit during the hour and 10 minutes of today's debate. Even after the cost of the Mexican gulf oil spill—£7.7 billion—British Petroleum made £1.8 billion in profit in the third quarter of 2010.

The Government have their responsibility for the price of petrol, but I am also interested to know what steps they are taking internationally about oil company profits—made, quite rightly, in part, from the cost of petrol. Are steps being taken to look at such levels of profit and at whether we can take action among Governments to make a difference? The issue has no easy solutions. We took action as a Government to reduce the price of fuel when it was under pressure. In the Budget, the Government have the opportunity to do the same with the proposed rise. I am interested in what the Minister has to say. The solutions proposed today are not all simple, applicable or desirable. We need to have cross-party consensus, and I appreciate that the Minister has a difficult job. She must now know what we knew in government: none of the issues are easy, without real pain to communities at large. I welcome hearing what she has to say.

10.47 am

The Economic Secretary to the Treasury (Justine Greening): It is a pleasure to serve under your chairmanship, Mr Turner. I also thank my hon. Friend the Member for Thirsk and Malton (Miss McIntosh) for securing today's debate. We debated the subject on the Floor of the House recently, but I very much welcome another debate today, because she has clearly raised an important issue.

The cost of fuel is a difficult issue for many families and businesses throughout the country. As I said, the House had an extensive debate last week and, again, we have had helpful contributions from Members throughout the Chamber today. I share the disappointment of my hon. Friend that no Labour MPs other than the shadow Minister participated on an issue that clearly affects all our communities.

In fairness, when we face such difficult times, the impact of fuel duty and fuel prices become even more critical for families and businesses. The Conservative party had recognised that in opposition. We have always acknowledged the impact of oil prices—how they feed through into fuel prices at the pump—to be a real challenge. The Opposition, as we heard again from the shadow Minister, still do not recognise the problem to be in need of solution. We do.

As discussed today, we talked about a fair fuel stabiliser, which I reassure the Chamber we are looking at actively. We take it seriously, and we are looking at how we can develop that policy, among others.

Miss McIntosh: I know that the Minister will be pressed to go further, but she will probably not be able to today. One of the coalition Government's best selling points in the run-up to the election was that we always referred to factors such as rurality and sparsity of population. That was in all areas of life, whether delivering the big society or speaking about the everyday roles of individuals and businesses in rural areas. Will the Minister confirm whether we will go back to that? Do we need a fuel duty regulator? Many of the concerns raised during the debate were about how the reduction in cost would transfer to the motorist if a stabiliser was brought in. I

hope the Minister will address the huge and significant differential between the prices of diesel and petrol at the pump.

Justine Greening: My hon. Friend raises an interesting point, and this debate has been an excellent opportunity for hon. Members to set out the challenge that fuel prices pose for their communities and businesses. It is difficult—and it would not be right—for me to pre-empt the coming Budget, but my hon. Friend sets out some of the broader issues. This debate is not just about how the oil price feeds through to the price at the pump, but about recognising that rural areas face a particular challenge. I say to my hon. Friend the Member for High Peak (Andrew Bingham) that people in urban areas do understand the impact of fuel prices—they face them too—but we recognise that there are additional challenges for rural areas.

As we have heard, public money is short and the deficit we inherited is unprecedented in modern times. The previous Government had no answers or real ideas—we have heard no ideas today—to tackle the mess that they created. There was something ironic about the note from the outgoing Chief Secretary to the Treasury that said, "There's no money left." In many respects, it was even worse than that; we were left with a deficit and debts.

It is worth running through the many rises in fuel duty that we have seen. There was a rise of 2p per litre on 1 December 2008; a rise of 1.8p per litre on 1 April 2009; and a rise of 2p per litre on 1 September 2009. A rise of 1p above RPI was announced in the 2009 Budget. That was phased in from April last year, with a second rise of 1p per litre in October. A range of future increases was announced in the 2009 Budget, one of which has particularly concerned hon. Members in this debate. In spite of all those rises, we picked up an enormous deficit and, according to the outgoing Government, there was no money left. That shows what an absolute mess they handed over which, as has been pointed out, places constraints on what we are able to do. However, we know that we must tackle that mess, and tackle it we will.

We have had to take difficult decisions. Nevertheless, in the midst of that we have taken steps to increase the personal allowance, which will rise by £1,000 from April this year. That will help families on the lowest incomes, and 880,000 taxpayers will be taken out of paying income tax altogether. Parents will be able to take advantage of increases in child tax credits, and pensioners will receive above-indexation increases in the state pension. We have managed to do something that the previous Government did not do in 13 years—re-establish the link between the state pension and earnings. Corporation tax for businesses is being cut from 28% to 24% over the next four years.

Dr McCrea: The Minister must acknowledge that those measures apply across the board and to those in urban areas as well as rural areas. Rural areas are being penalised because of the price of petrol, and we need something to deal with that issue.

Justine Greening: That is why I am about to talk about the fair fuel stabiliser and the rural fuel rebate pilot. We have tried our best to tackle the deficit, but the way to do that is to encourage growth, help business get back on its feet and take away tax rises and the jobs tax—it would have been catastrophic if employment had cost companies more. We managed to get rid of the worst effects of that, but there is a particular issue with fuel.

In opposition, we talked about a fair fuel stabiliser because we recognised the problem posed by oil prices in feeding through to the price at the pump. When we came into power, one of the first things we did was to ask the Office for Budget Responsibility to look specifically at how the price of oil affects our economy. It said that although there may be some tax receipt growth, higher energy and fuel prices do not help the economy—a point reiterated by many hon. Members. It pointed out that a rise in the oil price has a range of other effects on the economy and does not feed through into extra tax receipts in a straightforward way. People spend less money, goods become more expensive, and certain benefits increase as a result of a rise in oil price. Therefore, it is a difficult issue.

I reassure hon. Members that we are looking at a fair fuel stabiliser and at other measures to tackle the problem of fuel prices. There are a range of options, but we must ensure that whatever we do is fair and affordable. Tax is a matter for my right hon. Friend the Chancellor, and I would not be so presumptuous as to pre-empt him. He will update the House during the Budget, which is only a few weeks away.

The rural fuel duty rebate was mentioned. It is clear that changes to the fuel price have a particular effect on those who live in rural areas and, as we have heard, have a greater reliance on petrol and diesel and face significantly higher prices. That problem is exacerbated by the lack of alternative transport, and realistically for many people the car is the main way of getting around.

My hon. Friend the Member for Carmarthen West and South Pembrokeshire (Simon Hart) spoke about why the definition of rurality is so important. Interestingly, the EU does not have exact criteria to define rurality, but it will look at the rebate in terms of state aid, and take into account a range of factors such as the cost of transporting fuel, average fuel prices, public transport and access to petrol stations. It is able to look at the issue in a flexible way, which is helpful.

When we came into government, we announced our intention to introduce a rural fuel duty pilot. The pilot will deliver a duty discount of up to 5p per litre on all petrol and diesel, which will save some drivers in rural areas more than £500 a year. We are still looking at the exact scope of the scheme; today's debate has shown that many hon. Members have particular concerns for their communities and the rurality faced by those communities. It is not as easy as one might hope to define what is rural and where a rural fuel duty might apply, but the pilot aims to get on with that process and work through those challenges. We want the scheme to go ahead in the Inner and Outer Hebrides, the Northern Isles and the Isles of Scilly, but we have not yet finished the exact definition of the scheme. Before it goes ahead, the scheme must get clearance from the European Union. Those discussions are ongoing and are currently at an informal level as that is the best way to proceed to ensure that the pilot scheme is approved. We will update the House further at the time of the Budget.

[Justine Greening]

To conclude, the dramatic increase in world oil prices and the previous Government's increases in fuel duty have pushed up prices at the pump. We understand the concerns of families and businesses across the country, and we are taking every action possible to help those most in need. At the same time, we must act responsibly and ensure that we tackle our record national debt. That is not easy; it is a difficult balance to strike and we are considering all options in the run-up to this year's Budget.

Housing (London)

11 am

Jeremy Corbyn (Islington North) (Lab): I am very pleased that we have secured this debate on housing needs in London. There is a feeling of déjà vu about it, although the cast is smaller than usual for debates on housing in London. We have had many such debates and discussions and I suspect there will be many more, because the biggest single issue facing constituents of London MPs is housing problems, which affect just about everyone in every sector. I remain acutely disappointed by the Government's policies in this respect and the response they have offered so far to the deepening crisis that people in London face.

Homelessness has returned to the streets of London and is increasing fast, as anyone walking around London late at night will quickly observe. I am talking about the numbers of desperate and destitute people sleeping in shop doorways, hanging round outside tube stations and sleeping over central heating exhaust vents. Indeed, the *Evening Standard* reported that a number of people had been found sleeping in rubbish chutes in west London. That is not a good advertisement for what is a very large, multicultural and diverse city in the 21st century—a city that sees itself as a world-class leader.

Other issues, which I shall go through in my remarks, include the costs of housing for people living in the private rented sector, the enormous shortage of council housing, and what I believe is something of a democratic deficit in the administration and development of housing associations.

Later today, a housing lobby will take place outside the House and probably also in Committee Rooms here. Many people who are council tenants and others will be making the very strong point that the desperate housing shortage in London and the rest of the country must be dealt with, that the market alone cannot solve the problem and, indeed, that the Government strategies, far from solving the problem, are making it considerably worse.

I shall say more about this later, but within the mix of housing in London, the difference with the rest of the country is that the national average for home ownership is about 70% and declining, whereas in London it is declining much faster and, in constituencies such as mine, the proportion of people living in and owning their own home hovers at about the 30% mark and falling. For my constituency and for most of central London, as my hon. Friend the Member for Hammersmith (Mr Slaughter) will testify—similar figures will apply in his constituency—the difference is the very large numbers of people living in private rented accommodation.

Let me first deal with the issues relating to home ownership in London. For the majority of people on anything approaching an average income, the idea of owning one's own property in London is a pipe dream. They may have a chance of purchasing on a part-rent, part-buy basis—a shared-ownership scheme. However, in central London constituencies such as mine, people would need to have an income well above the national average—indeed, we are talking about an income of £40,000 or more—to get anywhere near meeting the mortgage requirements, if they can get a mortgage and if they can raise the deposit required. For the majority of people in London, unless they have a degree of

inherited wealth from their parents or someone else, or access to the very large deposits required by banks and building societies, home ownership is an impossible dream.

Many people have opted to buy into leaseholds or shared ownership with housing associations, and there are deep concerns about the service charges imposed by housing associations and other holders of freeholds who sell on leases in their properties. There is a need for even greater transparency on capital works undertaken to improve those properties. Those of us who represent constituencies where there are a considerable number of leaseholders who have bought in on the right to buy, or bought from people who bought their flat under the right to buy from the local authority, know that there are constant disputes about the costs of capital works and the repayments required. Indeed, they leave some people in a penurious state.

I suspect that many people, when they buy into leasehold properties, are completely unaware of the implications of lease ownership in relation to capital works and vastly and rapidly increasing service charges. I look to the Government to be prepared to be much more transparent and much tougher on regulation in this respect. It is an area of inquiry that the Select Committee on Communities and Local Government ought to be looking into.

The Government's normal refrain in any debate on anything is that everything that is a problem in our society is the fault of the previous Government. I want to place on the record a couple of points about the previous Government's record. First, I strongly praise them for the work they did on the decent homes standard, and for the huge and very necessary investment that was made to deal with the repair backlog in council and housing association accommodation. It is a joy to see estates that have been transformed with new kitchens, new bathrooms, new roofs, new windows, new entrance areas and common parts, improvements in the community facilities and improvements in community centres. That creates a sense of pride and well-being in a community that it is hard for anyone to appreciate who has not been through the misery of living on badly run council estates with run-down common areas and high levels of vandalism. I am talking about the sense of pride that comes from the improvements and the reductions in vandalism and antisocial behaviour that result from them. By and large, the decent homes standard work that has been done has been a very good experience. I regret the way in which the so-called choice was put to tenants—that they had to go either to an arm's length management organisation or for a stock transfer in order to receive central Government money for that. Fortunately, those policies were eventually changed so that all tenants, irrespective of the quality of management or otherwise of their local authority, could receive the central Government money that is so necessary and valuable.

However, as the Minister will know from a recent debate on this subject, a number of local authorities in London did not do very well or did not get any decent homes standard money. They and their tenants desperately need those improvements. I am thinking particularly of Camden and Lewisham, but I suspect they are not the only examples of authorities that need that special attention to achieve improvements in their properties.

The other great step forward that the previous Government made was on homelessness and the rough sleepers initiative, increasing the number of hostel places and encouraging the various charities that run hostels, or local authorities, to provide, as a priority, transfers from those into long-term, permanent, affordable accommodation. That was an important step forward, as was giving priority to people who have come out of prison—long-term offenders who need to be rehabilitated into society. Forcing them into homelessness and poverty is not a way of rehabilitating them and is no good for society as a whole. I am constantly and increasingly shocked by the number of homeless people one meets who are either ex-service people—usually ex-servicemen—or ex-prisoners and convicts. It does not do our society any good to ignore those people and force them into homelessness.

I realise that the Government's general strategy on housing allocation policies is to leave the issue to local government and to walk away from it entirely, but I ask Ministers and local authorities to think carefully about those policies. We have rightly emphasised the needs of families with children, the vulnerable, those who suffer illnesses, including mental illness, and vulnerable elderly people. Obviously, they are all a priority, but we seem completely to ignore the needs of youngish single people when it comes to providing reasonable, publicly accessible local authority or housing association properties.

It is depressing to have such young people come to see me in my advice bureau, and I am sure other colleagues have had the same experience. The person in front of us will usually be a young man, who will often be in a reasonable job. They will be earning £18,000 or £20,000 a year, but they simply cannot get anywhere to live, because they cannot afford the deposit on a private rented place. In any event, the rent would be very high—possibly £250 or more a week. These people cannot access local authority housing because they are not deemed to be in priority need. One therefore comes across people—I am sure colleagues can bear this out—who hold reasonable jobs but who have no permanent home. They are sofa-surfing or, in some cases, even sleeping in cars, which is tragic. When we look at housing allocation, we need to address the needs of not only families and others, but single people.

Zac Goldsmith (Richmond Park) (Con): I accept that the onus cannot be entirely on local authorities, and that point is well made. However, there is a lot that the local authority can do to place empty homes back on the market. My constituency covers Richmond and Kingston, and there are up to 2,000 empty homes in each of those boroughs. By that, I do not mean homes that have been waiting to be refurbished or homes that cannot be sold, but empty homes by any standard. If, for starters, we multiply the 4,000 homes in those two boroughs by the number of boroughs across London, we have an enormous number of empty homes that could be brought back on to the market and used. Does the hon. Gentleman think that the Government could do more to empower local authorities to get such homes back on the market?

Jeremy Corbyn: The hon. Gentleman makes a fair point. Local authorities have powers in this respect, if they care to use them, and some authorities do. Indeed,

[Jeremy Corbyn]

the local authority in my area is extremely proactive in pursuing empty properties and trying to bring them into rented use or have them taken over by a housing association or somebody else. Typically, these are places such as flats above shops. The hon. Gentleman is absolutely right: there is something criminally wrong about large numbers of good-quality homes being deliberately kept empty across London. Some owners see them as long-term, reserve places that they might live in at some distant point in the future. Some see them as an investment and will wait for property prices to go up. In a society where there is so much homelessness and housing stress, it is simply immoral for places to be kept deliberately empty. I would therefore support effective measures to bring those homes back into use by people who are in desperate housing need.

Where the previous Government did act rather belatedly was on the construction of housing association and council properties. There was an increase in housing association build, most of which came about under section 106 of the Town and Country Planning Act 1990 and planning agreements on particular local sites. However, there was not enough intervention, and the previous Government were not proactive enough. Only rather belatedly did we start building council housing. I am pleased to say that my local authority is now building council housing again. That started during the latter period of the previous Government, when the then Liberal-controlled council brought the programme into being. That programme has continued and is being expanded under the current Labour-run administration in Islington. However, the authority lacks the capital that it requires from the Homes and Communities Agency. When the Minister replies, therefore, I hope he will understand that housing and building costs are high in London, that housing need is desperate and that the only long-term, efficient way out of the housing crisis is to construct council housing at fixed rents and with permanent tenure, which gives people a sense of security, a decent home and an environment in which to grow up.

Before I come to housing benefit, let me say one thing. If we go to any primary school, secondary school, police station or social worker in London and ask what the biggest problem is that we face, we will be told that it is related to housing in one way or another. Young people are growing up in small, overcrowded flats, with two or three siblings sharing a bedroom. That is no way to grow up. Young people in those circumstances cannot bring friends home and they cannot do their homework. There are fights over the television, there are fights over when the lights should be switched on and off—there are fights the whole time simply about space. Anyone who goes into a flat where three teenagers are sharing a room will see the arguments that go on and the stress that is caused to the whole family. What happens as a result? The teenagers do not stay home of an evening; they go out. They do not have a lot of money, so they get into bad company when they go out, and problems result from that. These teenagers underachieve in school. Illness runs rife throughout the whole family. The family breaks up. There is a huge cost to us all in terms of wasted lives, underachieving children, broken families, divorce and everything else. We must recognise that unless we provide all our young people with decent, secure, clean, dry and properly repaired accommodation, it is very unlikely that they will achieve their full potential in school, college or university. We are wasting a whole generation as a result of our failure to address the housing crisis in London.

Local authorities have great difficulty fulfilling their statutory housing obligations to house homeless families or those in desperate need. They do not have enough council or housing association allocations to do that. Incidentally, there is a whole science around allocation, with people looking at the choice of bidding or desperately looking on internet sites and reading newspapers to find out how many points they need to get which flat, how many steps are involved and all the other details, which are so important. However, most of those people, most of the time, will be desperately disappointed because they will fail even to be selected to look at a place, never mind to be shortlisted for possible allocation. For thousands and thousands of people, it is like losing a lottery every week, but the consequences are desperate. We therefore need to address the issue.

Local authorities often place families in private rented accommodation. I do not blame them for that; they have no choice. A whole industry has therefore grown up around the housing shortage, with letting agencies and private landlords charging as much as they can get away with. The housing benefit system will usually pay the rent. Although it varies slightly from borough to borough, the rent for a typical two-bedroom local authority flat in central London is of the order of £100 a week. A two-bedroom flat in poor condition in the private sector costs at least £250 a week, and £300 is quite common. For a house, we are looking at £500 or £600 a week. The difference is paid through housing benefit, so we are all paying the exorbitant profits made by letting agencies and private landlords; they are the people who are living off the housing benefit system.

When the Government say, as the previous Government did, that they have to address the problem of the cost of housing benefit, particularly in London, I absolutely agree, because pouring money into the private sector in this way simply is not a good use of public funds.

Mr Andy Slaughter (Hammersmith) (Lab): A two-bedroom flat in the private sector in my constituency would actually be about £350 a week, so it is even more perplexing that the Government insist that the rent in new social lettings will be 80% of market rent. That means that the rent payable by new tenants will be three to three and a half times what it would be in existing social tenancies. That, of course, will have to be covered by housing benefit in many cases.

Jeremy Corbyn: My hon. Friend makes a good point and is extremely experienced in dealing with those issues, both as an MP and as the former leader of Hammersmith and Fulham council, where he did a great deal to try to improve the quality and quantity of the housing stock.

We all do advice surgeries and hear sad and difficult cases. I was talking last week to a lady in my constituency who has discovered that her private sector rent has gone up from £315 a week to £475 a week. I do not blame the local authority, because the housing benefit that she is paid is fixed by the Government through the local housing allowance. My constituent is not in work and

receives benefits, and she has been told that she must contribute £145 a week to make up the shortfall between what the local housing allowance will pay and the rent that is expected or demanded from the landlord. She is expected to pay more than the rent that she would pay if she lived in equivalent council accommodation. It is clearly impossible for her to find £145 a week, which is more than her benefits. She would have nothing to eat and nothing for the children, so the only solution is to move away.

What effect will moving away from the area have on my constituent, her family and all the rest of us? She will lose her place and will have to try to find, if she can, a two or three-bedroom flat, probably in the far suburbs of London or outside London. She will lose her family network; her children's education will be disrupted; she will not have access to the doctors, hospital or community network and support that she is used to; her whole life will be completely uprooted. Wherever she goes, she will have no security of tenure. She will have six months, or perhaps a year if she is lucky, before the landlord decides to allow her to stay or increases the rent because it is possible to get more in the private sector, in which case she will have to up sticks and move on again. Imagine how that feels for the children—the insecurity, changing schools, mum and dad moving the whole time and nowhere permanent to stay or build up a network of friends. It is that sense of insecurity that is so bad for the children of many families living in London.

The Government have decided to address excessive housing benefit costs, and I agree with them. There are two ways of doing it. One is to let the market sort things out, and the other is to bring in some form of regulation, so that there is permanency of tenure and greater security, and so that we spend less money. Unsurprisingly the Government have decided to go for the market option, so they have set local housing allowance limits. I have some figures from James Murray, who is the executive member for housing in Islington and does an extremely good job in difficult circumstances. Bizarrely, Islington falls into four broad rental market areas—inner-east London, central London, outer-north London and inner-north London. The figures for a two-bedroom flat vary. In inner-east London, the figure is £300 a week; in central London, it is £500 a week; in outer-north London, it is £230 a week; and in inner-north London, it is £329 a week.

James Murray also makes the point that in the past 10 years

"demand for private rented accommodation in the borough has gone up by about 20%".

My observation is that it continues to rise very quickly.

Simon Hughes (Bermondsey and Old Southwark) (LD): I apologise that, for several reasons, I cannot be here for the whole debate. The hon. Gentleman knows that I always want to be involved in these issues.

When I asked the Secretary of State to consider re-examining the broad market rental area boundaries, I received a positive and encouraging response in the House. I hope that the hon. Gentleman will join me and London Conservative Members in trying to win that argument, so that when people are considered for alternative accommodation in the private sector—if they have to go there—it should be within the local authority boundaries where they start, unless they choose otherwise. Their links—their schools and usually their families—are in those places, and it seems that that would be a sensible and good social policy. I hope that we all agree that that would be progress, if we can bring it about.

Jeremy Corbyn: Absolutely, because the less distance people must move, the better. That change would ameliorate the policies, and I, and I am sure other colleagues, would be more than happy to support it. We want to minimise disruption.

I do not want to say too much more, because other hon. Members want to speak. I want to conclude with some points about overcrowding in Islington, which is a small borough in comparison with many others. There are 3,096 families living in overcrowded homes, and of those 355 are in severe overcrowding, which means that they lack two or more bedrooms relative to their need. Clearly, there is a need to build council properties. The council is a major provider of housing in Islington, and in its budget, which is due to be debated this Thursday, 17 February, it has managed to present a significant increase in money to go into council house building:

"Despite the difficult times, we have been able to raise the investment in new build housing from £1.6 million"—

planned under the previous council administration—

"to a new total of £10.1 million for 2011/12. This will go towards work on-site this year for 86 new council homes, with plans in progress to continue and increase this programme."

I applaud what Islington is trying to do, which is to meet housing needs. Where is central Government's contribution to meeting those needs? The Government tell local authorities that the only way in which they can build new council properties is by raising council rents to 80% of market rents. That means that for many people it will be impossible, in work, to pay a council rent. We are presented with a vista where people will not be able to accept a council nomination, because they will not be able to afford the rent, which will be too expensive. They will have to go somewhere else and try to find somewhere small and overcrowded, where they can at least afford to stay. That is a monstrous way to fund new building—to say that those in great housing need must pay for people in even greater housing need to be provided with somewhere to live. Why can we not have what we have always had, namely central Government allocation of money through the Public Works Loan Board or any other appropriate arrangement, so that we build our way out of the crisis? I hope that the Minister at least understands that point.

I want to add some brief thoughts. We have experienced the sadness of homelessness and witnessed the health problems and disasters that come from it. London is a strong, thriving and vibrant city in many ways, but if it is left to the free market to deal with the issues that it faces, it will begin to take on some of the worst aspects of cities in the United States: the poor will be driven out, because of the housing benefit system, and the private rented market will take over entirely, bringing all the insecurities that go with that. Young people who move to London, who are in work and who manage to get into the private sector pay a vast proportion of their income on housing costs—probably the highest level across Europe. I have talked to people, some of whom work in this building and are on reasonable salaries for their age, who pay 50% to 60% of their take-home pay in private rent for a shared flat or house, which is a huge

[Jeremy Corbyn]

burden. There is no possibility that they will ever save enough money to buy a place. We must recognise that without public intervention and investment, the housing crisis in London will get worse and worse.

I have four brief points to make to the Government. First, they should look at the way the benefit changes are operating, and in particular at their perverse effects on families living in inner London. Secondly, they should bring about some degree of security and regulation in the private sector, to avoid the continual merry-go-round of people having to leave private rented flats after six months or a year, and to create some long-term security and certainty. Thirdly, they should build council housing, providing local authorities with the wherewithal to do so. The virtuous circle of taking building workers out of unemployment and putting them into work to provide housing for those who need it is a major and a beneficial form of income regeneration. Finally, the Government should speak to the banks about the difficulty that so many people have in getting mortgages because of the large deposits that are required.

If the Government and local authorities were to consider such intervention, we would all benefit. The benefits would be better health, fewer family break-ups, better educational achievement and a happier and more cohesive society. I hope that the Government understand that many building companies fear that they will go under because of cuts in house building. In its latest residential crane survey, Drivers Jonas Deloitte said that of the 28,150 homes under construction at 169 sites in London, 44% are allocated for affordable housing. Under current policies, that number will go down, and those companies and those jobs will be in trouble. Meet the social needs and solve the economic problems—the two things go together.

11.31 am

Mr Andy Slaughter (Hammersmith) (Lab): It is difficult, at a time when attacks are being made on the national health service and on state education at every level—from Sure Start to tuition fees—and when we are having to deal with the big society cuts to the voluntary and advice sectors, for housing to be given sufficient attention for us to see exactly what is happening as a result of Government policy; but what is happening in housing is as disastrous in its own way as it is in those other areas. I am therefore grateful to my hon. Friend the Member for Islington North (Jeremy Corbyn) for securing this morning's debate, as it gives us an opportunity to talk at greater length than usual in Westminster Hall about the Government's housing policy and its effect on London.

I shall not repeat what my hon. Friend said; he has many more years' experience as a constituency MP and in dealing with housing problems in London than I do, but I adopt entirely the arguments he put forward, in particular regarding the pernicious effects he spoke of—the bad, insecure, inadequate and overcrowded housing that all London MPs must see every week in their surgeries. Those effects go far beyond housing conditions; they cover health, education and quality of life. It is a national scandal that they have been allowed to develop over far too many years.

I shall deal briefly with four aspects of housing. The first is the private rented sector; the second is the effect of housing benefit changes; the third is the Government's policy on social rented housing; and the last is planning policy. One of the early decisions taken by the coalition Government was to abandon the previous Government's proposals that resulted from the Rugg review—a national register of landlords, regulation of letting and management agents, and compulsory written tenancy agreements. When the Government made that announcement, the Association of Residential Letting Agents said that it was extremely disappointed. It said:

> "This move risks seriously hampering the improvement of standards in the private rented sector, the sector's reputation, and the fundamental role it plays in the wider housing market as well as failing to protect the consumer who has nowhere to go when there is service failure or fraud".

That is the view of the industry. My view, as a constituency MP, is that we are seeing a return to Rachmanism in parts of London, with appalling conditions of social rented housing. Perhaps the difference this time is that local authorities are colluding with bad private landlords, with things such as direct letting schemes and, now, the ability to discharge their obligation to the private sector permanently rather than temporarily.

I hear what was said by the right hon. Member for Bermondsey and Old Southwark (Simon Hughes). He is no longer in his place; he tends to pop in and out of these debates. I hope that Members on both sides will try to mitigate the effects of the housing benefit changes that his Government are introducing. It would be better if the Government were to withdraw and review those changes than to give a sop to those who, in their thousands, will be forced to move out of their homes from April onwards. I do not know how we are going to find adequate replacement housing for those hundreds of families in areas with property prices at the levels of Islington and Hammersmith—unless it is in more overcrowded, less salubrious streets and flats. There are few of those, however, because gentrification in inner London has meant that there really are no places where cheap property is available to rent.

It is social engineering. It is gerrymandering. It will force out poorer families who have made their homes in wealthier areas, perhaps over generations; gentrification has crept up on them, and they are now being told that they are not welcome in those areas but must move further out. I hear what the right hon. Gentleman had to say, but they are crocodile tears and warm words from the Liberal Democrats.

Tom Brake (Carshalton and Wallington) (LD): On the subject of crocodile tears, does the hon. Gentleman acknowledge that it was his party's policy to consider the level of housing benefit? I presume that that review was intended not to increase housing benefit but to decrease it.

Mr Slaughter: I have heard the hon. Gentleman many times try to cling to the Labour party as a way of excluding his lamentable failure in supporting a Government who are systemically attacking poorer constituents.

Tom Brake: Is it true?

Mr Slaughter: The hon. Gentleman must have some poorer constituents, even in Carshalton and Wallington, but perhaps not as many as I do. It would be better if he kept quiet in these debates rather than making such inane points.

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): Will the hon. Gentleman answer my hon. Friend's question?

Mr Slaughter: I see the coalition in action.

Tom Brake: He's not going to answer.

Mr Andrew Turner (in the Chair): Order.

Mr Slaughter: I can tell the hon. Gentleman that, of course, budgets and housing benefit would have been reviewed, but he is wrong to think that a Labour Government would have been party to the mass eviction of hundreds of families from areas in which their children attend school and they have low-paid jobs. We are talking not about indolent people but those doing low-paid essential jobs in inner London. Before the hon. Gentleman gets on his high horse, he should think about the consequences of his Government's policy.

Far more fundamental in the long term will be the review of social housing policy. I almost admire the speed at which the Government have moved to ring the death knell of social housing. There has been consensus on that policy certainly since the second world war, and in the charitable sector since the beginning of the last century. That, however, is not good enough for this Tory-led Government.

There are four principal changes. The first is the introduction that I alluded to earlier of near-market rents for new lettings. In London, they will effectively be unaffordable, even to those on average incomes. Rent for two and three-bedroom flats in Hammersmith will rise by three or three and a half times. The second is the two-year tenancy. The speed of their introduction is amazing. I printed a leaflet to warn tenants that the Government might be introducing five-year tenancies, but before I was able to deliver it they had introduced two-year tenancies. The third element is the almost complete collapse of capital funding for the social sector.

As I mentioned earlier, there is the end of the requirement to provide permanent housing in the long term, with the private sector being used to discharge housing need obligations. If, God forbid, the Government were elected for another term, within 10 years there would not be a recognisable social rented sector left in this country. The proud tradition of providing affordable good-quality homes for people on low and average incomes will be gone, and a fundamental part of the welfare state and the post-war settlement will be gone with it.

Finally, let me turn to planning policy, which is a slightly trickier area to consider. I accept what Government Members say about the previous Government's record in this regard. Over the past 40 years, our record on building sufficient numbers of high-quality affordable homes in this country has not been good. It is almost as if we lost the will to build such homes in the 1970s. In my constituency, we have good examples of the estates and properties that were built in the 20th century: the "homes for heroes" in the 1920s, the "garden" estates in the 1930s and the good quality brick-built council estates of the 1940s and 1950s. We even have some 1960s properties, which, although they have gained a bad reputation, are generally solidly built to Parker Morris standards. They are popular with people who live in them, even if they have not been maintained properly over the years.

The consensus on the will to build good quality council and housing association properties in sufficient quantities has gone. Individual local authorities—including, I hope, my own when it was under Labour control—did their bit and had to be resourceful in doing so. For example, there were the infill developments. We saw building on existing estates, public land being given to people who were prepared to build affordable housing, and building on top of supermarkets. We managed to build about 3,000 good, affordable units over a period of years, but it was a struggle. I do not pretend that it is easy to build social rented houses in areas of high land prices. Nevertheless, as my hon. Friend the Member for Islington North said, for many people—even those on average and above average income—social rented housing is the only type of affordable housing. The definitions of affordability in London have been stretched to ridiculous lengths. The Mayor and some councils say that an income of £70,000 to £80,000 qualifies under the affordable definition, because the types of discounts available on properties for sale or for rent in new developments demand such an income. I am sorry, but I do not accept that people who earn £80,000 a year are in housing need—even in London—which is the perverse definition of my own council.

The problem of planning development is slightly more complicated. At the moment—and the debate is opportune for this reason—London councils are going through their process of approving local development frameworks, which replace the unitary development plans. In preparing for this debate, I looked at my own borough's LDF, which may or may not be typical, and it appears to give good news. It seems to say that it will build 13,000 houses over the next 20 years, with a maximum of 20,000 allowable. However, when I examined those figures I found that what is actually planned goes well beyond them.

Perhaps the biggest new development under planning consultation in London is the Earl's Court and West Kensington Opportunity Area, which the LDF says could provide about 2,000 new homes, at least in Hammersmith, over the next 20 years. The developer says it will provide 8,000 homes over the next five to 10 years. The Hammersmith town centre development, which is somewhat misnamed because it includes areas way outside the town centre, including the historic riverside—the hon. Member for Richmond Park (Zac Goldsmith) may be interested in this because he has written about it—is not one development but a string of developments along the riverside. The traditional low-rise buildings of this historic area are being converted into hideous tower blocks of luxury one and two-bedroom apartments. We have seen such developments springing up along many parts of the river on the south side of the Thames. The apartments are built principally for people coming from abroad or for those who wish to have a London pied-à-terre in addition to accommodation elsewhere. We are talking about buildings that are not just at the top of the market, but above it. The LDF for Hammersmith says that over 20 years, up to 1,000 new homes will be built in this area. Some 1,300 homes are currently being built or are under planning consideration for this area, so that target appears to have been exceeded already.

[Mr Slaughter]

What we are seeing in planning terms, certainly in central London and in my part of London, is a development grab. Those parts of land that might be available for affordable and sustainable development in the future are being cannibalised for luxury high-rise blocks. Some of the blocks on the riverside are up to 15 storeys, and some in the west Kensington area are up to 30 storeys or more. That is a massive increase in residential units, but they are exactly the wrong type of residential units for the local population and will not meet housing need in London. That is a scandal and a misuse of planning powers. Of my local authority, the developer of the Hammersmith riverside says:

"Now the council says it is 'open for business', and I think they are—that's why the development community has embraced the new administration".

You bet they have. Helical Bar, the developer of the Hammersmith riverside development, has a dispensation to have no affordable housing in it whatever; in fact, there will be a net loss of affordable housing because trust properties for visually impaired people will be demolished to make way for the skyscrapers.

Mr Slade, the founder of Helical Bar, gave £20,000 to the Mayor in the run-up to his election campaign. He made this very prescient comment:

"You do run the thin line of someone saying: I am doing this to have access and influence, but that was what politics was always about. It is a little unfair, but there must be 20 per cent truth in it."

Helical Bar wants to build high-rise flats in outer London. It now has that consent on the way despite the opposition not just of the hon. Member for Richmond Park, but of almost all my constituents, who do not want to see the destruction of their living environment and of the things they hold dear. They want to see not luxury high-rise flats, but affordable homes for themselves and their children.

Zac Goldsmith: I absolutely share the hon. Gentleman's concerns about the nature of this development. As he knows, I have spoken on the record about it and submitted a number of objections. However, is it not true that the decision comes from the local authority and is not one over which the Mayor has any influence at all?

Mr Slaughter: The developments I am talking about are of sufficient size and scale to require the Mayor's approval, or the Greater London authority's dispensation regarding factors such as their height and their not containing affordable housing. In addition to the town hall development to which the hon. Gentleman refers, there are other developments along the river. St George has just decided it wants to build 750 similar properties with no affordable housing in them just south of Hammersmith Broadway, and has its eye on redeveloping a council estate, which the council may wish to demolish, for luxury housing. We are not talking about not enough being done to promote affordable housing in London, or about neglect or negligence. We are talking about a concerted policy to socially engineer areas by demolition, and the removal of social housing units in London and their replacement with luxury, small high-rise developments. The ability to build in London for London's population will not exist again for another generation. That is the real damage being done by this Tory-led Government and their creatures in town halls around London. I am afraid that that is the depressing message.

I entirely endorse what my hon. Friend the Member for Islington North said. I fear that the news, when one looks at the situation on the ground, is actually worse than inaction: it is the deliberate destruction of the consensus on housing policy that has sustained this country for many decades.

11.50 am

Tom Brake (Carshalton and Wallington) (LD): Thank you for calling me to speak in this debate, Mr Turner. I apologise for missing the opening remarks of the hon. Member for Islington North (Jeremy Corbyn).

Jeremy Corbyn: You have heard them before.

Tom Brake: Indeed, my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) said that I had perhaps heard some of the hon. Gentleman's comments before. I was in a meeting with the Peabody Trust and some of its residents to discuss housing, which is why I was late for the debate. I know that the hon. Gentleman has been a passionate and consistent defender of housing under successive Governments, whatever their political colour. Therefore, he is right to say that I have heard him make those comments before in the 13 years since my election to this House. Nevertheless, the fact that I have heard them many times before does not mean that they do not have great merit, and I suspect that I would not differ much from his analysis of the problem in London, albeit that we might have some differences of opinion about possible solutions.

I take a different view about the comments made by the hon. Member for Hammersmith (Mr Slaughter), whose proposals seem to exist in a vacuum. His proposals neither take into account the financial environment in which we are operating nor acknowledge that his own Government planned to examine the level of housing benefit being paid to people in London and other parts of the country. I asked him a question about that issue, but he carefully evaded answering it. He failed to acknowledge that issue, when it would have been the decent thing for him to have done.

That brings me to decent homes. The Minister will know that Sutton Housing Partnership, the arm's length management organisation in my area, has submitted a new bid for decent homes funding. It is a scaled-back bid compared with the bid that was originally proposed. The partnership had secured a limited amount of funding in the first year of the programme from the previous Government, and I hope that, under the new bidding arrangements, it will succeed in securing substantial funding during the lifetime of the programme that it needs to implement to ensure that social housing in the London borough of Sutton benefits from that funding, as it should do. In many respects, social housing in Sutton has not benefited from the substantial programmes that local authorities in other areas have implemented to repair windows, bathrooms, kitchens and the like.

Many parts of my constituency would have benefited from those repair programmes. For example, the St Helier estate was built in the 1930s. It stretches into Mitcham and Morden and into Sutton and Cheam. It requires investment: it would be unfair to say that many of the properties on the estate have not been touched since

the 1930s, but many improvements need to be made. I hope that the Minister will be able to say a little about the progress of the programme to improve that estate.

My second point is about the meeting that I have just had with the Peabody Trust and some of its residents on the St Helier estate. What those residents are trying to achieve is very much in keeping with what the Government are trying to do in relation to the big society. In other words, those residents want to take responsibility for the management of their estate. However, the difficulty arises because that estate has a mixture of tenants, shared ownership, residents and leaseholders. Therefore the structure of tenure is very complex, and I acknowledge that.

[Mr Philip Hollobone *in the Chair*]

I am pleased that we have someone from the Department for Communities and Local Government attached to that programme, who is working with the residents of the estate, because Sutton is one of the vanguard boroughs when it comes to the big society. That person will try to find ways to work through those problems with the support of the Peabody Trust, which is also keen to address them. The residents feel that they will be able greatly to reduce the costs associated with the maintenance of that development—the Beddington Zero Energy Development or BedZED, which many hon. Members will be familiar with—if they are able to achieve some type of voluntary arrangement to manage those properties. As I understand it, a voluntary arrangement is required to work within the complicated tenure structure that exists on the estate.

Another issue that I hope the Minister will respond to is that, as I understand it, housing associations in the UK abide by European regulations when they advertise for contracts in a way that housing associations in other European countries do not. That means that housing associations in the UK face an additional financial burden as a result of following the appropriate EU process for advertising, which housing associations in other EU countries do not have to follow. If it were possible to remove that burden from housing associations in the UK, it would clearly reduce the costs involved from the point of view of tenants, the Government, shared owners and leaseholders. I hope that the Minister is examining that issue.

I know that the Minister cannot take any action on the final issue that I want to discuss, but he might want to comment on it. It is the issue of planning applications, and specifically the speed with which they are processed. From both a job creation point of view and the point of view of providing housing, particularly if that involves converting or extending properties, the quicker that planning applications are processed, the sooner the builders can get on with the work. I have had representations about that issue myself. I had one on Saturday from a local builder, who is waiting for the completion of four planning applications. He said that, apart from holding him and his staff back from doing their jobs, it is having an impact on the people who will occupy those properties or conversions, once they are completed. Those are the specific issues that I want the Minister to respond to.

I conclude by saying that although I did not hear—regrettably—the comments of the hon. Member for Islington North when he opened the debate, I am sure that he made some salient and pertinent points about the importance of trying to address the substantial housing deficit in London and about the potential consequences of the changes to housing benefit, of which I know that hon. Members from all parts of the House are aware. I hope that the Minister can reassure us on those points this morning.

11.57 am

Chris Williamson (Derby North) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone, as it was to serve under Mr Turner's chairmanship before he left Westminster Hall.

I start by congratulating my hon. Friend the Member for Islington North (Jeremy Corbyn) on securing this debate and on making an extremely powerful and cogent speech. He made a number of pertinent points. In the first part of his speech, he referred to the record of the previous Labour Government, including the decent homes investment, which made a big difference to many households in the capital, and the rough sleepers initiative, which did so much to address the problem of homelessness in London. He also mentioned the new build programme. Towards the end of the previous Labour Government, that programme had also started to make an impact on the housing crisis in London. It is regrettable that the policies that are now being pursued by the Conservative-led Government are going in the opposite direction to those Labour policies.

Pertinently, my hon. Friend identified the fact that homelessness is now increasing again in the capital. The scourge of homelessness is an issue that should unite parties across the House, so that we can take the necessary measures to reduce the growing number of people who are forced to live on the streets, which is a stain on our national character. If homelessness in London has increased at the end of this Government's tenure in office, that will be a very poor statement about their record on tackling this issue.

As my hon. Friend mentioned, it is also clear that the number of people who are forced to sleep on a friend's sofa—I think that it is known colloquially as "sofa surfing"—is growing. That is because it is simply impossible for those people to access accommodation, as there is such an inadequate supply of housing in the city and the housing that is available in the private sector is beyond their means.

There is also a big problem with the housing benefit system. The system is wasteful, and I agree with my hon. Friend that there is a great need for much more regulation. He called for four areas to be addressed, one of which is changes to the housing benefit system. I agree with that, because there is perversity, but I do not agree with the changes that the Government are pursuing. Regulation needs to be introduced. We need to build more council houses, and I concur with my hon. Friend's comments about the banks being forced to provide mortgages for people who would like to, and have the income multiples to enable them to, access private sector owner-occupied accommodation.

My hon. Friend the Member for Hammersmith (Mr Slaughter) spoke eloquently about the gentrification of many neighbourhoods in the capital leading to an inadequate number of affordable houses. That contributes to the overall problem in London, and the Government's policies are effectively leading to a clearance, with people on low incomes being forced out of many boroughs.

[Chris Williamson]

That is completely wrong, and the Government need to think again. My hon. Friend also identified the fact that much of the housing being built is inappropriate, and I have seen figures that suggest that about 80% of it is only one or two-bedroom units. Clearly, there is a need for much more emphasis on family housing, for the very reasons that my hon. Friend the Member for Islington North gave. A whole host of problems are related to people being forced to live cheek by jowl in accommodation that is too small for a growing family.

There is a need, particularly in the capital where house prices are much higher, for the Government to deal with the problem of people accessing mortgages, and pressure needs to be brought to bear, possibly with regulation to ensure that banks do not insist on people finding massive deposits. That problem is in desperate need of attention, because it contributes to building up the current housing crisis in London.

The proposed changes to social housing tenancies simply will also make matters worse, with the expectation for people to move on if their earnings exceed a certain level, forcing them into an even more precarious and difficult situation. In addition, the housing investment cuts have hit London hard, and they exacerbate the problem to which my hon. Friends have referred.

The amount of housing currently been built in London is inadequate and much of it is inappropriate for family needs, but another problem is that about 50% of it is located in just three boroughs, and there needs to be some attempt to ensure that there is building right across the city.

Mr Slaughter: Another part of the Riverside development that I have mentioned is being developed by a housing association, which is building £1 million two and three-bedroom luxury flats with river views, so that it can take the profit and build in east London. That is good for the people of east London, but there is already a lot of affordable housing there, and it does not help people in desperate need in west London.

Chris Williamson: My hon. Friend makes a powerful point. It is not really the business of housing associations to build luxury multi-million pound accommodation. Their whole raison d'être should be to provide affordable housing, which is why they came into being in the first place. They have lost sight of their original purpose when they start engaging in market-led developments, such as the one that my hon. Friend has mentioned.

I referred earlier to the difficulties that people have in raising deposits, and I have seen figures that suggest that it takes more than 14 years on average for someone to save for a deposit, assuming that they can keep pace with house price inflation. It is completely wrong that people are forced to rely on relatives to get a foot on the housing ladder, because it disfranchises tens of thousands of people in London whose families do not have the wherewithal to provide them with the deposits needed to purchase the houses that they aspire to own.

The hon. Member for Carshalton and Wallington (Tom Brake) said, I think, that the economic background was one of the reasons why the Government had made some of their decisions on housing and cutbacks. I assume that he was referring to the finance that has been made available for housing and the cuts being made in housing benefit. I disagree with him, because it is really important that the Government seek to invest in the housing market and in providing houses, because that is a way of addressing the very problems that the hon. Gentleman mentioned. Using the construction industry is an excellent way of assisting a private sector-led economic recovery. Most of what is procured for the construction industry is sourced from the UK, which provides a huge number of jobs in areas where housing construction and other building is taking place. It is mistaken to suggest that the economic circumstances that the country faces in some way justify the cutbacks in housing.

The hon. Gentleman also referred to delays in planning, and I agree that more needs to be done in that regard. I am concerned, however, that proposals in the Localism Bill might add delays, or will certainly make it more difficult in many circumstances to provide the houses that people desperately require.

It seems to me that the biggest reason for this housing crisis in the capital is an obsession that can be traced back to the early 1980s and the introduction of the right to buy, with its emphasis on a personal subsidy rather than a subsidy on bricks and mortar. That was almost inevitably going to end in tears, which is where we are today. As my hon. Friend the Member for Islington North pointed out, many landlords—I accept that it is not all of them—have sought to exploit the housing benefit system and to maximise rents. That has led to rents in the private rented sector going up and up to a point at which the Government—the same Government who introduced the obsession with personal subsidies in the first place—are now reining in those subsidies and forcing the poorest people and those on middle incomes in the city to bear the burden for their policy mistake, which can be traced back 30 years.

Jeremy Corbyn: Is my hon. Friend also aware that those who live in private rented accommodation not only pay high rents and often a large deposit, but often pay much higher heating costs, because the energy efficiency of the housing is so low? In addition, repairs are often so poor and incompetent that tenants end up paying for repairs themselves out of sheer desperation, in order to live somewhere reasonable. We need a much tougher regulatory regime for private rented accommodation.

Chris Williamson: I could not agree more, because my hon. Friend is absolutely right. Again, research has demonstrated that the private rented sector is far and away the worst in terms of providing adequately insulated accommodation. That adds to the burden of people living in such accommodation, obviously, but it also has significant environmental implications for our cross-party commitment to reduce carbon emissions and address climate change. The private rented sector clearly has a big part to play. My hon. Friend has made a forceful point and has provided another reason why more must be done to regulate the private rented sector.

In conclusion, I return to the importance of investing in housing and of a bricks and mortar subsidy rather than a personal subsidy. We should be seeking to turn the juggernaut around and emphasising building new houses and providing subsidy for affordable housing in

London in order to supply the homes that people desperately require. That would provide a huge economic stimulus and create many jobs for local people as well as, most importantly, homes.

Good quality homes would also have huge implications for educational outcomes for the many people living in overcrowded circumstances who would be able to move into more appropriate accommodation. Again, my hon. Friend the Member for Islington North made that point. We could also address the health of people in inadequate housing by investing more in providing more and better affordable housing. Crime and antisocial behaviour would be reduced, because people would be living in better circumstances rather than being forced out on to the streets in the evening, where young people get into mischief. It would certainly make a big difference to the quality of personal and family life, which would have a massive, beneficial knock-on effect on the wider community.

Tom Brake: Is the hon. Gentleman about to be more specific about what financial commitment his party would make and how many additional properties they would build? Also, would he exclude the sort of option that is occurring in my constituency, for instance, where a housing association's regeneration of Durand close depends on the sale of private properties as part of the development? Admittedly, those properties are in the same place, not in a different location. Is he excluding the proposed option to give housing associations additional funding to build more properties?

Chris Williamson: There is a desperate need for public investment in social housing. On the previous Labour Government's record, although we certainly could and should have done more in terms of new build during the first part of our Administration, our record on bringing existing housing stock up to a decent standard shows that it was a worthwhile policy initiative and that, in large measure, we achieved it. I know that some areas in London—maybe the hon. Gentleman's constituency is among them—still have not benefited from the decent homes initiative, but 90% of affordable, social and council housing throughout the country and in the capital has benefited.

We must get away from examples such as the one that the hon. Gentleman mentioned, in which housing associations develop market properties, sell them at a profit and use the money elsewhere. In my view, we ought to exclude that, because it is not the way forward. That is not where housing associations ought to be. The main thrust of what I am saying is that expenditure on housing benefit in this country is massive. We must find a way to shift from personal subsidy in the form of housing benefit to a subsidy of bricks and mortar, so we can build more affordable housing for the sake of all the economic and social benefits that would flow from that. That is what the Government should be considering. I will be interested to hear the Minister's comments.

12.15 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): It is a pleasure to see you in the Chair, Mr Hollobone, as it was to see Mr Turner earlier. I congratulate the hon. Member for Islington North (Jeremy Corbyn) on securing another debate about housing in London. We do not always agree on the solutions, but I pay tribute to the assiduousness and seriousness with which he regularly addresses the issue. Like other hon. Members, he has raised important points with which I will endeavour to deal. This has been a wide-ranging debate, and I will do my best to pick up the detailed points made.

I accept that housing matters to everybody. It is important politically and socially. Having a home that meets one's needs is fundamental to achieving one's aspirations for oneself, one's family and one's community. I hope that that is common ground for all parties in the House, and I want to make it clear that the Government regard it as a key objective to help people to achieve those aspirations. I will deal with general issues as well as points about London specifically.

We as a Government are committed to increasing the number of houses available both to rent and to buy. That includes affordable housing, but we must be imaginative in choosing models to use. We need to consider greater flexibility in social housing to ensure best use of stock and help people stand on their own two feet. We must also consider how to protect the vulnerable and disadvantaged and address homelessness, which the hon. Gentleman fairly and properly mentioned. We want to support people to stay in their own homes.

Jeremy Corbyn: The Minister will be aware that homeless charities in London—particularly Shelter, but also the Mary Ward Centre and others—have serious financial problems at present. Their grant funding has been cut, although they are trying to retrieve it from London local authorities. The cut in housing advice provided to homeless people by those organisations is devastating and can lead to only greater homelessness. Is the Minister prepared to look into the matter, receive a delegation and consider whether extra help can be given to ensure that those vital agencies remain open?

Robert Neill: I am sure that my right hon. Friend the Minister for Housing and Local Government will happily get in touch with the hon. Gentleman. It is worth putting it on record that we are working with the National Homelessness Advice Service to ensure that front-line advice workers have the support that they need. We have established a cross-Government ministerial working group to examine the underlying causes of homelessness and we continue to invest in the Places of Change hostel improvement programme. We are attempting to address the problem, but I appreciate the seriousness with which the hon. Gentleman raises the issue, and I will ensure that the appropriate Minister is in touch with him. I will return to the broader issues of homelessness in due course.

We make no apology for saying that home ownership is at the core of people's housing aspirations, and it should be at the core of our policy. It is a good thing. It gives people responsibility for their own needs, financial security and confidence. I think that it is good that housing wealth now accounts for nearly half of all household wealth, up from about 25% in 1980. Some hon. Members have criticised the right to buy and related issues in this debate, but I do not apologise for the right to buy. In the 1980s, I was a parliamentary candidate twice in Dagenham, which had one of the largest housing estates in Europe. I thought that it was

[Robert Neill]

utterly liberating for ordinary people—good hard-working families—to have the chance to own their home. Not everybody will always manage that aspiration, but we need to make sure that it is there, that we help people in that way, and that we also assist those who, for a number of reasons, will not be in a position to meet it.

Chris Williamson: Will the Minister concede that, although the right to buy was liberating and gave access to home ownership for people who perhaps previously would never have been able to aspire to it, the decision to prevent local authorities from building, or to make it difficult for them to build, alternative affordable accommodation contributed to the massive housing crisis with which we are confronted?

Robert Neill: Those decisions were very much of their time and in response to it. I am not sure how much that in itself contributed, but I accept that, in the current age, we need a flexible approach to giving local authorities and housing associations the ability to build as is appropriate. That is why we are where we are now. It does not undermine the thrust of a policy that I think was necessary at the time.

Mr Slaughter: The average price of a property in Hammersmith is now more than £500,000, and 40% of my constituents have incomes of less than £20,000. It will require quite a degree of flexibility if the Government's policy of prioritising home ownership is going to go ahead. They are just empty words, are they not?

Robert Neill: The hon. Gentleman is as specious as ever. I am sorry that he has managed to lower the tone of the debate, while his hon. Friend the Member for Islington North dealt with the issue in a serious fashion, as usual. The contrast between the two hon. Gentlemen is always instructive. Of course, as I have said, there will always be those who will not be able to own their own homes—the hon. Member for Derby North (Chris Williamson) rightly recognised that as well—so we need a policy that embraces that, but I shall not go down the route of point scoring which is so characteristic of the hon. Member for Hammersmith (Mr Slaughter). The fact is that it is by no means incompatible for us to encourage home ownership and also deal with those who, for a number of legitimate reasons, will never be in a position to own their own homes.

John McDonnell (Hayes and Harlington) (Lab): Will the Minister give way?

Robert Neill: The hon. Gentleman has only just arrived, but he is an old chum so I will happily give way to him.

John McDonnell: I apologise for being so late. I was discussing another issue with one of the Minister's ministerial colleagues and could not get here any sooner. Will he address an issue facing a number of us in London, particularly outer London, namely that of the growing number of homeless and rough sleepers? It is hitting the outer London boroughs on a scale that we have not experienced before. Inner London has had high numbers but the issue is beginning drastically to affect London boroughs as a result of the policies of housing suppliers in particular.

Robert Neill: It is worth looking at the fact that we are consulting on and overhauling the way in which rough sleepers are counted. We need to get a better and more complete picture of the issue, because the previous system did not do it effectively. It is also worth saying that, although there has been fluctuation, the current figures suggest that, overall, statutory homelessness remains at historically low levels. However, I accept the hon. Gentleman's point that we need always to press down on the issue. It is not an easy area to cover accurately, and I know that the Department will happily keep in touch with him on this serious and important issue.

To return to the point that I was addressing before the hon. Member for Hammersmith intervened, I accept that poor affordability and difficulties with affordability create a gap for aspiring first-time buyers, which is exactly the point made by the hon. Gentleman. Average house prices have increased, so we need to address that. I believe, however, that the way to do that is not necessarily through more and more intervention—although some intervention is always appropriate—but through giving communities control of development in their area and greater freedom, which is the reverse of what the hon. Gentleman was advocating. That is the way forward and I have more faith in the ability of Hammersmith and Fulham council than in that of the hon. Gentleman to tackle their area's housing needs.

The Government are determined to encourage local authorities, developers and housing associations to work together with communities to deliver the homes they need through schemes such as the new homes bonus, which is a powerful tool. The Government have set aside nearly £1 billion for that scheme over the period of the comprehensive spending review. In fact, hon. Members may want to look at the new homes bonus calculator on the Department's website, which shows how any particular local authority can benefit from it.

Mr Slaughter: Will the Minister give way?

Robert Neill: In a moment. I would like to make a point, if I may. In addition to that scheme, we are introducing the community right to build, which will streamline the arrangements where there is local support for neighbourhood planning. That is often thought of in terms of rural and parish areas, but there is no reason why it should not also apply to communities in London and our other great cities.

Yesterday, my Department, together with the Homes and Communities Agency, published the affordable homes framework. It sets out details on giving housing associations much more flexibility on rents and use of assets, for which they have been asking for some time. The key part of that is the new affordable rent model, which will be a constructive and useful tool that is expected to deliver up to 150,000 new affordable homes over the next four years. The old, rigid models did not always work. We need to be prepared to think more imaginatively.

Mr Slaughter: I am grateful to the Minister for giving way. He is right that Hammersmith council knows how to co-operate with developers. The west Kensington development that I spoke about earlier is a joint venture between the council and Liberty International, which is one of the biggest property firms. It will see the demolition

of 750 good quality, newly modernised council homes, and the building of up to 8,000 luxury, high-rise, 30-storey blocks. Last year, the Minister said:

"Instead we want to see communities coming together to take responsibility for meeting their own housing ambitions...This is about giving communities real power and real influence."

In the community under discussion, however, 80% of the tenants do not want their homes demolished. They want the power from this Government to take over their homes in the way described by the hon. Member for Carshalton and Wallington (Tom Brake). Will the Minister support the tenants rather than the property developers who want to destroy their homes?

Robert Neill: As usual, the hon. Gentleman makes a serious issue simplistic. The Government are determined to make sure that those precise issues can be determined at a local level. He knows that it is probably not appropriate for Ministers, particularly in our Department, which has responsibility for oversight of the planning system, to comment on developments that might go through the planning process and end up being considered by our Department. It is appropriate to have a greater degree of nuance and flexibility in the system than was the case in the past, when rather rigid developments sometimes imposed unacceptable developments upon communities. The hon. Gentleman will, therefore, understand why I will not go down the same route as him.

The affordable homes framework is a bold initiative, and I believe that it will enable communities. It is also worth remembering that this Government are providing considerable funding towards the issues. We are investing more than £6.5 billion in housing, and we are investing considerable moneys in London, which has particular pressures that we all recognise and with which we seek to deal. That is why we are handing the Mayor of London the ability to take over the Homes and Communities Agency operations in London, so that he can align delivery more effectively with the strategic housing pot available, in co-operation with the London boroughs. That seems to us to be the right thing to do.

We need to address the issue of overcrowding. As the hon. Member for Islington North has rightly said, there are a significant number of overcrowded households. Although that applies to the private sector, I would not seek always to run it down, because responsible private landlords have a key role. There are also some 258,000 overcrowded households in the social rented sector, while 430,000 households in that sector are under-occupied by two or more bedrooms. That is why it is wrong to rule out our proposal to look at issues such as flexible tenancy. In some cases, people's housing needs will change as their life histories progress, and it is sensible to give them the means to reflect that. It is not the right approach to have too rigid an adherence to subsidy based purely on bricks and mortar.

I have been generous with interventions, but I am running out of time, so I will write to hon. Members on the other specific and important points that they have raised.

Pupil Premium

12.29 pm

Mr Stewart Jackson (Peterborough) (Con): It is a delight to serve under your chairmanship for the first time, Mr Hollobone. I welcome the Minister to his place. I know from experience that he is absolutely committed to driving up educational standards and to rigour in all that we do in our schools.

This is an excellent opportunity to raise a hugely important issue that not only affects my constituency, but has national purchase. I am indebted to the officers of Peterborough city council—particularly Gary Perkins, head of school improvement, and Jonathan Lewis, assistant director of children's services—for the assistance they have given me in preparing for the debate. I am also indebted to the officers of Westminster city council for their assistance, research and comprehensive briefings.

For the avoidance of doubt, I would like to make it absolutely clear that my remarks are not a criticism of the pupil premium policy. I strongly welcome and endorse the policy and the fact that the coalition Government will be spending £625 million on free school meals for children in the next financial year. That is particularly aimed at children from lower socio-economic backgrounds, and such a policy is absolutely right. There will be £430 spent per pupil. The amount concerned will rise to £2.5 billion by 2014-15. Naturally, that will benefit my constituents who are in receipt of free school meals, as it will people across the country. That will be new funding on top of existing funding contained within the dedicated schools grant. This debate is not about criticising the pupil premium; it is about suggesting how it can be improved and enhanced to meet the challenges of particular circumstances in my constituency.

The free school meals indicator is a blunt instrument. I welcome the commitment given in the White Paper "The Importance of Teaching", which was published in November, to ensure that schools funding is transparent, logical and equitable. I also welcome the commitment to ensuring that a new national funding formula is "fair and managed properly". I am pleased that the Minister is undertaking to revisit the school funding formula and the fact a consultation will begin later this year, not least because the funding formula currently used is not based on current data. The formula is historical and misses some very acute issues in a relatively small number of local education authorities, including my own at Peterborough city council. I concede that the ethnic minority achievement grant, which is worth more than £200 million this year, has helped some local education authorities to cope with children who have English as an additional language and with minority ethnic new arrivals. However, as I will discuss later, I am concerned about the decision to incorporate that and other discrete funding streams into the dedicated schools grant.

I have read carefully the Department for Education consultation document published last year entitled "School funding settlement for 2011-12: the pupil premium and Dedicated Schools Grant", and I have to tell the Minister that I am not entirely convinced that

"Known eligibility for free school meals is the only pupil-level indicator...that we currently have."

Ministers should be rightly wary of including things such as tax credit receipts or social deprivation indices

[Mr Stewart Jackson]

into the premium. However, the small number of LEAs with significant numbers of English as an additional language pupils, particularly at primary level, should be taken into consideration in designing the post-2011-12 architecture of the pupil premium for reasons that I will now move on to.

It would be inappropriate to rehearse all the historical issues around large-scale migration from eastern Europe that my constituency has experienced during the past seven years since 2004. Suffice it to say that we have had to tailor our public services—housing, policing, health and education—to fit 20,000 new EU migrants who have come to Peterborough as a result of the 2004 European Union directive on free movement. That has obviously put some strain on the delivery of public services. In addition, there is a significant cohort of Pakistani heritage children in our schools who, for cultural reasons, come to primary school speaking largely Urdu, after being brought up by mothers, sisters and aunts. That is the cultural reality. If we combine that situation with the fact there are also low-skill, low-wage, indigenous white British families, there is a perfect storm of very difficult circumstances for primary schools to deal with.

In Peterborough, 30.5% of primary school pupils do not have English as their first language, which is 4,767 pupils. Almost 3,000 pupils in the secondary phase do not have English as their first language, which is around 22%. Overall, 26.5% of pupils on the school roll in the local education authority do not have English as their first language. Let us consider some significant examples. I pay tribute to Tim Smith, who is the head teacher at Beeches primary school in Craig street—the central ward of Peterborough—where six out of 528 pupils speak English as their first language. That is an enormous challenge—I will come on to this later—in terms of tailoring lessons and delivering a national curriculum, particularly key stage 2 of the standard assessment tests. Indeed, what alerted me to the seriousness of the matter in a concrete form was the fact that underachievement and poor education attainment were occurring not because our governors or teachers are below par or our children are particularly dense, which they are not, or our parents do not care, but simply because of the demographics—the social and economic profile—of my constituency and local education authority.

In December 2010, Peterborough was placed sixth from bottom in the key stage 2 results for SATs. That is not acceptable, because we are not a city that is particularly socially deprived when compared with many other parts of the country, for example, the north-west, Yorkshire and Humberside, and the north-east. Some 15% of our children have special educational needs compared with the national average of 1.4%, and Peterborough has an extremely high turnover rate of pupils—almost double the national average. Of the 2,103 pupils with key stage 2 results in 2010, 21% were not in the city at the start of their school life. A further 22%, or 455 pupils, who had foundation stage were no longer in the city to take their key stage 2 tests. Therefore, we have a massive problem with churn and children coming in and out of school. Often those are the same children who have English as an additional language. Hon. Members might be surprised to learn that almost 900,000 children in England have English as an additional language. That lays bare the significant challenge we all have in dealing with the issue.

The problems are high levels of pupils with English as an additional language, minority ethnic new arrivals, non-standard entry and churn among those pupils and, of course, significant pockets of social deprivation in my constituency across all racial, religious and cultural groups. It would be unfair to place the blame on Peterborough city council. I have had my differences with the council from time to time and it has not always taken the issue on board with the alacrity and seriousness of purpose that it could have, for example, many years ago when I was raising the matter. However, the council is now trying to do its best to ameliorate a very difficult situation that is having an impact on my constituents and their children.

The council is doing its best to cope with the circumstances. An exemplar school in that respect is one of the largest in Peterborough: Fulbridge primary school. That school has a superb head teacher, Iain Erskine, who is coping with a school in which dozens of languages are spoken. Indeed, in the whole of the city of Peterborough, 94 separate languages are spoken across our schools. An Ofsted inspector recently stated:

"the local authority has been relentless in its pursuit of improvement."

We have a stark issue with attainment, as has been proven by the specific figures on English and maths. At the end of key stage 2, the proportion of English as an additional language pupils attaining national average levels in English is 19.3% lower than for those who speak English and, for maths, the figure is 11.9% lower. If anything, that situation got worse between 2009-10.

I will not go into minute detail about how resource-intensive those children are in terms of lesson planning, teacher training, and interfacing with pupils' parents, many of whom do not speak English. Culturally, those parents do not need to speak English—many are in low-wage, low-skill occupations where the need to speak English is not apparent. For example, even if Polish children, who are extremely good at science and mathematics and are generally very gifted, are up to speed in English and mathematics, when they go home there is no cultural pre-disposition to speak English. It is very difficult for them. Other children, whose parents are less skilled, from, say, Lithuania or the Czech Republic, are in a situation where their parents' contract for packaging fruit or picking vegetables in the fields of south Lincolnshire, Cambridgeshire or Northamptonshire finishes after six months. They then leave their rented accommodation and withdraw the children from school, or they may go to another part of the UK. It is debilitating and resource-intensive to train teachers and to have the capacity to deliver real improvements and added value for those particular families.

I will return specifically to the pupil premium and to work by Westminster city council, in a very helpful briefing paper it prepared recently for the Minister for Immigration, my hon. Friend the Member for Ashford (Damian Green). The briefing paper makes it clear that the focus on the pupil premium is

"too narrow and that multiple pressures caused by the needs of migrants (including deprivation, EAL and mobility factors) ought to be included for the Pupil Premium basis in the future."

Furthermore, the National Association for Language Development in the Curriculum, in response to the recent White Paper, argues:

"the Ethnic Minority Achievement Grant, should not be merged with the Direct Schools Grant (DSG) and that any changes should be postponed at least until the government has completed its review of the system of funding beyond 2011-12."

What are the solutions? As a loyal Conservative, I might be expected to say that money is not necessarily the only issue that solves every problem, but it will really help a local education authority such as Peterborough. Ministers need to think about the impact of the ethnic minority achievement grant, what it achieved, and how rolling it up with the dedicated schools grant could be a retrograde step in making sure that the people who need the most help—governors, teachers, parents and children, and a specific number of schools in a specific number of authorities—continue to receive that fiscal incentive to try to improve results and educational attainment. To give a few examples, a local education authority, such as Peterborough, that is facing such problems could recruit more qualified and experienced bilingual staff; run more English as a second language classes after school; engage with parents to encourage them to speak English and improve their own English to help their children; employ more teachers, as opposed to teaching assistants, with those skills; and develop specific language programmes, such as holiday boosters and catch-up programmes.

I support Westminster city council's advocacy—or at least I support the idea that it should be debated and discussed by Ministers—of a specific fund held in the Department for Education for new arrivals to the UK. It calls it a "cash passport" and makes the case that it is recognised that non-standard admissions and English as an additional language will not be reflected in the existing pupil premium funding. We need to look carefully at that.

In conclusion, I ask the Minister to look carefully and specifically at how the pupil premium regime can be ameliorated to assist children with English as an additional language when he looks at all the representations he receives from different organisations in the course of the consultation. It was important to have this debate to raise this issue. With all due respect to the Minister, he and colleagues have a lot on their plate with free schools and academy schools, and with taking on, to an extent, the vested interest of the producer and the teachers' unions. I am not entirely convinced that the issue that I have raised was necessarily on the political and administrative radar, so it was important to do so. I hope that either the Minister or our noble Friend Lord Hill will be able to meet a delegation from Peterborough local education authority in the near future to understand the key challenges facing our children in the city.

The Minister has made an excellent start in his post at the Department for Education. This is an issue of great significance and importance, and of pressing need. I hope that the Ministers will listen and will take forward policy that reflects the very difficult and acute circumstances in Peterborough and in other places. I look forward very much to the Minister's reply.

12.45 pm

The Minister of State, Department for Education (Mr Nick Gibb): It is a pleasure to serve, I think for the second time, under your chairmanship, Mr Hollobone. I congratulate my hon. Friend the Member for Peterborough (Mr Jackson) on securing today's important debate and on the way in which he presented his case. I know that my hon. Friend is a passionate advocate for his constituency and constituents, and also believes, as I do, in very high standards in our schools.

I understand his concern at the level of migration and the strain that it puts on his constituency, particularly in relation to the number of pupils who have English as an additional language. Between 2005 and 2010 there was a 59.6% rise in the number of pupils with English as an additional language in Peterborough. I can say immediately that I am very happy to meet my hon. Friend and a delegation from Peterborough city council to discuss the issues in more detail. Peterborough is, in fact, not one of the lowest-funded authorities in England. At £4,422 a pupil in 2010-11, the level of funding is slightly above the average figure in England of £4,398. That demonstrates, however, that even authorities with above-average funding can still have problems with the unfairness caused by the current system of school funding.

I certainly share my hon. Friend's concern with the previous Government's policy on migration. As a Government, we want to build a more integrated society, with greater equality of opportunity. That applies to adults as well as to children, and we are reviewing English language requirements across the immigration system to ensure that all those who come to the UK have the skills and language ability that they need to participate fully in society. We want to continue attracting and retaining the brightest and the best people who can make a real difference to economic growth. I agree, however, that unlimited migration places enormous pressures on public services, particularly schools, as my hon. Friend has outlined. The Government aim to reduce levels of net migration back to the levels of the 1990s and to achieve that we have already announced that we will introduce a limit on economic migration from April 2011.

My hon. Friend has set out the effect of migration on schools in Peterborough, the difficulties of coping with large number of pupils who do not have English as their first language, and the pressure on school places. It is important that children with English as an additional language should be given the support they need to improve their educational attainment and our policy is to encourage rapid English language acquisition to facilitate their integration. I know that the increase in pupil numbers, particularly in primary schools, is a major pressure in many areas of the country, and that the ethnic minority achievement grant has played an important part in recent years in helping to meet the additional needs of children with English as an additional language. Peterborough local authority received an EMAG allocation of £847,886 in 2009-10. The Department for Education is still finalising the figures for 2010-2011, but I can confirm that the final figures will be at least as much again. I understand the point that my hon. Friend made in his opening remarks, and the views of Peterborough city council, but it remains a key priority for the coalition Government that children with English as an additional language are supported.

As part of our school funding settlement for 2011-12, which we announced on 13 December 2010, we confirmed that to simplify the funding system we would be mainstreaming relevant grants, including EMAG, into

[Mr Nick Gibb]

the dedicated schools grant from April 2011. Under the new arrangements, schools will be able to continue targeting pupils with English as an additional language for additional support, but they will also have the freedom to target other underperforming groups if they wish to do so. Local authorities will be free to retain a portion of the funding to run centralised EAL services and, where allocations are small enough not to warrant devolving the sums to schools, they can choose to retain the whole amount centrally. It is important to stress that the mainstreaming of EMAG funding is not about cutting costs. For 2011-12, funding per pupil, including mainstreamed grants, is being maintained at 2010-11 cash levels. The grant will be included in the money that goes to Peterborough city council, albeit not separately identified. The quantum of the grant will still be there and will still go to the council.

I know that Peterborough has seen significant increases in recent years in the proportion of children with English as an additional language. That is why the authority was awarded an exceptional circumstances grant of £979,000 in 2009-10. I can confirm that the figure will rise to £1.5 million for 2010-11. We will be mainstreaming the grant in the 2011-12 financial year based on the 2009-10 figure rather than the 2010-11 figure. Funding for 2011-12 will also be based on schools' actual pupil numbers in January 2011, which means that year-on-year increases in pupil numbers will be reflected in Peterborough's final funding allocation.

My hon. Friend suggested that we might use the pupil premium to address the issue of English as an additional language. We introduced the pupil premium to support the most disadvantaged pupils in schools, targeting extra funding specifically at those from the most deprived backgrounds to enable them to receive the support that they need to reach their potential, and to help schools reduce educational inequalities. For this year, as my hon. Friend said, the premium will be set at £625 million, which amounts to £430 of additional funding for every pupil from a deprived background. We have decided that the indicator used to reflect deprivation for 2011-12 will be known eligibility for free school meals. Poverty is the single biggest predictor of poor attainment at school, regardless of ethnicity or country of origin. I know that he believes free school meals to be a rather blunt tool for deciding eligibility, but the link between free school meal eligibility and underachievement is strong.

Mr Jackson: Does my hon. Friend concede, notwithstanding the laudable aim of using free school meals as an indicator for accessing money for children in the most need, that, in the case of east European migrants particularly and other migrant groups, there is a cultural predisposition against claiming free school meals? Therefore, some of the children who would most benefit from extra funding are not able to do so, and that obviously has an impact on the overall educational attainment in their school.

Mr Gibb: I understand my hon. Friend's point. Such points are made to us as we go through the consultation to assess what indicator to use. For example, some people argue that we should use "ever" free school meals, so that parents who have ever claimed free schools meals for their children within a period of six or so years should also be entitled, regardless of the fact that this year they no longer claim the benefit. We are considering what is the best indicator.

However, we believe that the best pupil level measure available for identifying and targeting underachievement is free school meals, or some component of it. We expect that more parents will apply for free school meals once it is made clear that pupils will attract additional funding for the school. Indeed, we are receiving reports even now that more parents are doing so, and we hope that that will help to solve the problem of under-claiming. The parents my hon. Friend referred to who do not claim for stigma reasons may well feel that they should claim because it helps the school more broadly if they do. It is our intention to extend the coverage of the pupil premium from 2012-13 onwards to pupils who have previously been known to be eligible for free school meals—as I just said, the ever free school meals indicator.

As my hon. Friend knows, we have concerns that the current funding system is unfair, illogical and opaque. The spend-plus system of allocating dedicated schools grant is currently based on historical accident and out-of-date assessments of need, and is inflexible in responding to change, as he knows from his constituency. That means that it is not able to adjust to reflect current needs in local authorities such as the high level of EAL needs in Peterborough. That is why we are committed to reviewing the underlying funding system so that schools with the same needs can receive similar levels of funding.

In our White Paper "The Importance of Teaching", we said that we would consult on developing and introducing a clear, transparent and fairer national funding formula based on the needs of pupils. We are already working to develop options for the future funding of schools, with the aim of consulting in late spring, as my hon. Friend said. The consultation is likely to cover the merits of a national funding formula, transitional arrangements and the factors to be included in such a formula. English as an additional language will certainly be a factor in the review and consultation. We need to consider how best to provide the necessary additional financial support to schools with such pupils, taking into account how the additional need decreases—for example, as a pupil becomes more proficient in English. My hon. Friend will appreciate that I obviously do not know the outcome of the review, but I hope that he will take in good faith a commitment from me to study carefully the issues that he has raised in the context of the school funding review and in our consultation later in the year.

Mr Philip Hollobone (in the Chair): I thank the hon. Member for Peterborough (Mr Jackson) and the Minister for taking part in the debate. We now move on to the next debate.

Holiday Accommodation

12.57 pm

Mr Mike Weir (Angus) (SNP): I am pleased to serve under your chairmanship again today, Mr Hollobone.

I represent a largely rural constituency which covers more than 2,000 sq km from the fertile coastal strip of seaside towns to the mountainous and sparsely populated glens. What all parts of Angus have in common is their beauty, which has made tourism an important and growing part of the local economy. The latest Office for National Statistics classification discloses that almost 10% of jobs in Angus in 2008—the last year for which I can find figures—are tourist-related, which is significantly above the national average of around 8%. As well as the more traditional holiday tourism, my constituency also attracts a significant number of visitors from the UK and overseas who are attracted by field sports. It will therefore be no surprise that I maintain an abiding interest in tourism development issues, which affect the economic development of Angus and the prosperity and well-being of my constituents.

I should say at the outset that I am not here simply to lambast the Government for their attitude to tourism. I took a great interest in the furnished holiday lettings relief and its impact on the self-catering sector, and campaigned hard against the ludicrous proposals put forward by the previous Labour Government. I acknowledge that the present Government have introduced new proposals which, although still not ideal, are a significant improvement on what had been proposed, and last week I submitted to the Treasury my third response to consultation on the issue in less than a year. I do, however, wish to concentrate on a proposal which I believe could cause serious damage to this vital industry: the Minister's proposal to do away with the current, widely recognised star rating scheme for holiday accommodation. He has suggested, in effect, that consumers instead look at private internet sites such as TripAdvisor.

I have pursued the matter through a series of parliamentary questions and have been somewhat perturbed by the answers, since it seems clear that the Government are moving towards self-assessment and feedback rather than the current star rating scheme. Incidentally, the Minister stated in one answer that tourism is a devolved matter for the Scottish Government. That is not the whole picture, at least at present, as VisitBritain is responsible for marketing tourism for the whole of the UK in significant parts of the world, including the crucial emerging markets of Brazil, China and India, under what I understand is referred to as the "quadrant model".

Many tourists coming to the UK will be looking for a holiday that covers several centres, including Scotland. Therefore, the current hard-won system, with all the national tourist boards and the Automobile Association co-operating in a similar star system, has a great deal of merit. Allied to that, such a system is common overseas, so visitors from other areas will be familiar with the concept and be able to recognise easily what type and standard of accommodation is available for consideration in all parts of the UK. In particular, visitors from the emerging markets that I have flagged up are unlikely to fly directly to Scotland, unless arriving via charter arranged under an incentive scheme, or for a conference. In such limited cases, use of self-catering accommodation is extremely unlikely.

I cannot overstate how hard the tourist industry has worked to bring into being the common standard, which ensures that a three-star self-catering cottage will be of the same quality in Scotland, England and Wales. I cannot emphasise enough how much work was done by the tourist boards and the industry, which compromised on sometimes heartfelt positions for the greater good of the industry going forward. In a rolling programme, self-catering was the first sector to apply the common standard. Other sectors have now joined, but the self-catering common standard was the first to be reviewed as standards and visitors' expectations have moved on.

I consider the mooted scheme to be a serious error. The star-rating scheme has built up considerable trust and recognition over the years as a robust scheme that gives us a good idea of the standard of accommodation we are likely to encounter, based on an objective assessment by an independent body.

Anne Marie Morris (Newton Abbot) (Con): May I add to the hon. Gentleman's argument? Will he consider that, whatever system we have going forward, we need to make it less onerous? The very small businesses in my constituency certainly find the current scheme difficult. If someone has a bed and breakfast and a cottage, the two assessments are separate, so whatever scheme we have, may we make it simpler and more affordable?

Mr Weir: The hon. Lady makes a good point. As I will explain in my remarks, the new proposals will make the situation even worse for self-catering small businesses.

I accept that the current scheme is not perfect, and many hoteliers believe it too prescriptive, homogenising and sanitising accommodation with what some deride as its tick-box approach, which can penalise quirky, extraordinary or mould-breaking properties. Subscription to the scheme has been less extensive than was hoped, especially in England and, more particularly, in London. However, for all its limitations, it delivers an objective assessment based on published and transparent criteria. TripAdvisor and its like do not. Instead, individuals can register their views on holiday accommodation on a website, but their views are totally subjective and could be influenced by a huge number of the variables encountered.

The comedian Michael McIntyre has a funny routine based on someone using TripAdvisor to rate a holiday. Like all good comedy, it has a germ of truth. He notes that someone looking at the various comments on TripAdvisor is most likely to believe those that are bad. Indeed, often, only the disgruntled care to write up the experience—others simply do not bother.

Last year, I holidayed on the beautiful island of Seil, in self-catering accommodation found on the VisitScotland website and chosen on the basis of the star rating. My family and I had a great holiday, and we would thoroughly recommend it to anyone but, on returning home, with many things to do, writing a review on a website was the last thing on our minds. That is a danger for good properties.

That strikes to the very nature of the problem. There is absolutely no quality control over what may be posted on such sites. There is no effective way for the hotelier or holiday cottage provider to prevent someone with a

[Mr Weir]

particular beef—perhaps they did not get on with them, perhaps they were unreasonable, or perhaps they were simply vindictive—from commenting on the website. Yet such a comment could have a serious impact on the business. If the Minister has any doubt about the capacity of rival tradesmen who have lost in legal disputes, or of the plain malicious, to pursue vendettas in acts of cyber-sabotage, he could do worse than consult the website www.ihatetripadvisor.org.uk.

While in theory the small business owner might have redress in law, few would have the resources to pursue such an action. Has the Minister looked at the jurisdiction section in the terms and conditions on www.tripadvisor.co.uk—in case he does not know the website address? If he does so, he will find:

"This Website is operated by a US entity and this Agreement is governed by the laws of the State of Massachusetts, USA. You hereby consent to the exclusive jurisdiction and venue of courts in Massachusetts, USA and stipulate to the fairness and convenience of proceedings in such courts for all disputes arising out of or relating to the use of this Website. You agree that all claims you may have against TripAdvisor arising from or relating to the Site must be heard and resolved in a court of competent subject matter jurisdiction located in the state of Massachusetts."

Despite the somewhat impenetrable English, that appears to give sole jurisdiction to the courts of the state of Massachusetts.

I am sure I am not alone in finding it strange that a Minister of the Crown will be recommending that consumers in the UK should consult, and that UK taxpaying accommodation providers should find themselves at the mercy of, an organisation that specifically seeks to exclude the writ of Her Majesty's courts, as a supplement to and eventual substitute for a state-sanctioned system of quality assurance. For a Government that pride themselves on reducing the burden on small businesses, that seems a curious tack to take.

Should the jurisdiction barrier be laboriously and expensively overcome, the hard-pressed business which seeks to obtain redress for defamation also runs up against a comprehensive disclaimer on the website:

"TripAdvisor takes no responsibility and assumes no liability for any Content posted, stored or uploaded by you or any third party, or for any loss or damage thereto, nor is TripAdvisor liable for any mistakes, defamation, slander, libel, omissions, falsehoods, obscenity, pornography or profanity you may encounter"—

which makes it sound much more interesting than it probably is.

TripAdvisor will retort that it makes provision for management responses, but experienced practitioners whom I have consulted advise that that can too easily fall into an entrenched argument of "He says" or "She says", from which there is no easy way out, and all in the public domain. Others have reported difficulties in accessing that right to reply, being told that any robust defence of the business breaches the user guidelines.

If that were not bad enough, there can be serious differences between how hotels and self-catering are treated on such sites. In a recent article in *The Sunday Times*, Adam Raphael, editor of *The Good Hotel Guide*, made the point:

"TripAdvisor, the best known hotel review site, carries millions of consumer reviews, but its usefulness is marred by its failure to screen out collusive and malicious reviews."

He freely admits to having an obvious interest in the matter but points out that, in preparing his publication, his team track every review sent to them and know who the writers are, where they are coming from and how sound their judgments are. Tellingly, he adds:

"When our readers disagree, we send an anonymous inspector to spend the night at the hotel or B&B, at our expense."

Adam Raphael also makes the point that TripAdvisor and similar sites have no idea who is writing reviews and make only a feeble attempt to check that they are genuine. He cites one response to a hotel's complaint that a critical report was planted by a competitor:

"Since reviews are posted by our members on an open forum, and we do not verify the information posted in this, we are unable to provide you with proof that this member reserved, stayed or actually visited [your] hotel."

Perhaps the final nail in the coffin was when TripAdvisor published a list of its top 25 hotels in the UK—one of which was, in fact, in administration and closed. That sets out the problem. Adam Raphael was looking at it from a different, commercial angle, but surely a star scheme administered by the national tourist agencies within the UK is the best way to ensure that tourists—whether domestic or from overseas—know what they are getting and can trust.

Bad as matters are for larger hotels, however, a much more serious situation could be faced by holiday lets in more rural areas such as mine in Angus, or that of the hon. Member for Newton Abbot (Anne Marie Morris) in the south-west. Just to show my inclusiveness and to demonstrate that this concern is not just a Scottish one, I made some inquiries as to how many English self-catering properties were listed on TripAdvisor. I thank the chief executive of the English Association of Self Catering Operators for doing the spadework.

The Minister might be interested to know that in the whole of England there are 3,706 such properties—in Devon only 239, in Cornwall 362, in Norfolk 76 and in Dorset 167. He might agree that those numbers are very small for some of the principal holiday destinations in England. Clearly, that is a small fraction of total self-catering accommodation in England. My understanding is that to get listed, a business has to pay to get on such a third-party site or hope that a client nominates them. As Adam Raphael notes in his article, that has already led to allegations that some hotels are offering inducements for good reviews on the sites.

The main point, and the thing that concerns me most, is that most self-catering accommodation would get very few reviews on such sites, unlike larger hotels, and therefore the impact of one unreasonable review would be far more detrimental to a small business. Will the Minister consider the difference between the accommodation types and the business models that they operate? A self-catering property that is let out for 25 weeks a year—fairly good going in the current market—might see 35 bookings made. If an average of three people visit per booking, that gives 75 people per property per year who might leave feedback on sites such as TripAdvisor. That includes children and close family members. Contrast that with a 10-bedroom hotel. According to the most recent annual UK occupancy survey for UK serviced accommodation, published in 2009, room occupancy averaged 58%. An average of two people per room would give 2,117 bookings and 4,234 visitor nights that could result in feedback on

sites such as TripAdvisor. Put simply, such sites do not work for self-catering. The allied system is called FlipKey, but it is expensive to use as there is no linked booking engine for self-catering to generate funding, as Expedia does for TripAdvisor. FlipKey take-up has been understandably low.

The internal systems in Scotland and the other nations of the UK are devolved, and I understand that VisitScotland is likely to continue offering a quality assurance scheme along the lines of the current star-rating scheme. It sees the scheme as offering opportunities rather than being a burden, and in answer to initial reports on the proposed changes it responded that Scotland's star-rating quality assurance scheme is recognised as a world leader. VisitScotland has recently signed a three-year contract with the Swedish agency for economic and regional growth to develop a quality assurance scheme for visitor attractions and the accommodation sector. It has worked with Namibia and South Africa on quality schemes, and is currently in discussion with Norway, Finland, Estonia and Swaziland.

A huge amount of effort has been put in over the years between VisitScotland, VisitWales and VisitEngland to produce a common standard for those visiting all parts of the UK and, in the case of foreign tourists, those encouraged by VisitBritain. If the Minister goes down the road of self-assessment, that will render the common standard meaningless and tourists will have to deal with at least two competing systems. At a time when we need to work together to encourage economic development in our rural economies—of which tourism is a vital part—that seems a backward step.

The chief executive of Farm Stay UK wrote to me yesterday:

"As we position the UK on the world stage with the Royal Wedding, the Olympic and Paralympic games and the Rugby World Cup, now is not the time to be pulling away from a quality initiative."

I would add the Commonwealth games in Glasgow to that list.

I will be interested to hear the Minister's response. I urge him to reconsider this matter before it is too late, and to meet with the chair of the Federation of National Self Catering Associations, and the CEO of Farm Stay UK, whom I am sure can put the case for the self-catering sector more forcefully than me.

1.13 pm

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): It is a pleasure to see you in the Chair, Mr Hollobone. I am delighted to respond to the hon. Member for Angus (Mr Weir) on this important issue, which has been slightly distorted in the public debate thus far, so I am glad for the opportunity to respond to his points and to set the record straight.

The hon. Gentleman has helped me by securing this debate—for which I thank him—and by kindly asking me a written parliamentary question, which I answered on 2 February. There were a number of associated questions, but one was specifically on this topic and I shall start by reading part of the answer that I gave him at the time. I hope it will provide answers to much of what he has spoken about today. I stated:

"We are not considering abolishing the schemes, but rather passing them over to be run by the industry itself instead."—[*Official Report*, 2 February 2011; Vol. 522, c. 819W.]

That is crucial because a large part—although not the entirety—of the hon. Gentleman's argument was based around the principle that we are scrapping the star-rating schemes. We are not. I made that clear to the hon. Gentleman in a written answer, and I am happy to repeat it now. I accept that star-rating schemes have a purpose and are valued and useful. That use has historically been strong, and it will continue in the future.

It is all very well for people to get over-excited about the wonders of the internet; it has many great things that it can provide for us all. However, many people are still not particularly comfortable using the internet or find it hard to afford—we talk about the digital divide—and those people need an alternative source of information. Trust has built up in star-rating schemes over time, and we would be foolish to abandon that.

Mr Weir: I understand what the Minister says, but will he clarify what that implies for the cost to small businesses—the point raised by the hon. Member for Newton Abbot? Is money being provided to the national tourist board—in England, in the Minister's case—to continue the scheme in its current forum? Are considerable increases in cost to the small holiday-letter expected, so that the scheme can continue?

John Penrose: As I am sure the hon. Gentleman knows, these schemes are typically run on a combined cost basis. At the moment, the Government provide a modest amount of funding through VisitEngland to pay for a small number of staff who are involved in administering the scheme in England. There is more than one scheme, such as that sponsored by the AA and various other organisations around the country. I was in the New Forest the other day visiting its impressive local tourism organisation. It has a New Forest accommodation rating scheme. In most cases, people typically pay a small sum to be part of such a scheme, and in the best-run ones, the sums paid by the participant are graded according to the size and type of accommodation provided. No one is suggesting that that system is due to change.

In this country we still have a system where Governments get involved in rating the quality of hotels and other kinds of holiday accommodation. I find that bizarre because we do not have—thank goodness—a Government rating system for cars or cornflakes or almost any other kind of consumer product. There is good reason for that, because in most fields of life we trust people to make up their minds based on good consumer information. It is important that people have good consumer information when booking a holiday or accommodation, but the emphasis should be on providing that information rather than on the Government saying, "We know what 'good' looks like." Anyone in the tourism industry would accept that the goalposts are moving fast, and there is a welcome proliferation of different kinds of accommodation for different niches. It is difficult for any star-rating system to keep up with that, particularly a state-mandated and sponsored system.

Mr Weir: The 2008 report by the Select Committee on Culture, Media and Sport pointed out the importance of the star-rating system in driving up quality. At that

[Mr Weir]

time, the Department listed the scheme as one of its great achievements. The Minister's arguments seem to turn that on its head.

John Penrose: I do not think they do. I have repeated something that I had already told the hon. Gentleman in a written answer: we are not planning to can the scheme; we plan to continue with it, but to allow the industry to take it over. I have spent the past five minutes explaining some of the strengths of such a scheme, but it is peculiar at the very least, and unusual compared with other industries, for such a scheme to be state sponsored.

I started by agreeing with the hon. Gentleman that star-rating schemes are an important part of a holidaymaker's assessment of where they want to go and stay. They are not the only thing, and increasingly there are other sources of information. I will come on to the different sources of information, including the hon. Gentleman's jeremiad against TripAdvisor and all its ills. Clearly, star-rating schemes have a place, but I find it bizarre that in a world where we have many star-rating systems other than the state-sponsored one, and where we do not have state-sponsored quality approval schemes for all sorts of other consumer goods, we somehow think it sensible and right for the Government to be the author and intermediary of something for hotels. That is a bizarre anomaly.

The hon. Gentleman went on to talk about some of the alternatives, saying that they also have flaws. I will come to that in a minute. It is important to realise that although star-rating schemes have their strengths and are a trusted brand in many cases, they also have their limitations. As I was beginning to point out, a welcome and increasing variety of accommodation is available. In the last 18 months to two years, across Britain as a whole we have seen a huge increase in the amount of self-catering accommodation that people are using for their holidays. There is also in the hotel sector an increasing proliferation of types of hotel—niche players of one kind or another. There are people providing green hotels, which have a very low carbon footprint and are environmentally sensitive; high-style boutique hotels; and everything in-between. That is to be welcomed, but it is extremely difficult to argue that one star-rating scheme can capture that breadth and richness.

It is quite instructive that we have only to think of the expectations that people have of what a typical three-star hotel will provide today compared with 10 or 15 years ago to illustrate how things have changed and will continue to change. The chances are that 10 or 15 years ago, people would have expected a reasonable hotel room to have a trouser press in the corner and a phone. Nowadays, whether or not people like the trouser press, they are much more likely to be concerned about whether there is wi-fi access. The fact that a great many people have mobile phones nowadays makes the phone relatively less important. All I am saying is that the criteria need to move with the times. The industry is reacting well and rapidly to reflect that diversification of market opportunities. It is extremely difficult to expect a single state-run star-rating scheme to keep up with all that, even though—let me agree with the hon. Gentleman once more, just for the sake of clarity—he and I both accept that star-rating schemes are important. I am arguing about how we provide one, rather than whether they are a good thing.

Before I talk about some of the alternatives and whether TripAdvisor is the worst or best thing since sliced bread, I should pick the hon. Gentleman up on one other point. He began by acknowledging that tourism is a devolved matter, and he is absolutely right. For the sake of clarity, let me point out that VisitBritain is in charge of marketing Britain as a whole—as one would expect from the name—to the world outside to drive inbound foreign visitors to the UK. We are taking all sorts of measures to get it properly funded and make it able to do that in the most effective way possible in the next three or four years, because we have an amazing set of international events that will be attracting people to this country.

I am thinking of events such as the royal wedding, which is due very soon, but also, in 2012, we have the Queen's diamond jubilee and the Olympic and Paralympic games, plus the cultural Olympiad. In the years following, we have two different flavours of rugby World cup; we have another Ryder cup coming up in golf; and of course in Glasgow we have the Commonwealth games. There is a huge opportunity for us to sell the UK as a destination. Even if people are not coming here to see those events, they will probably be viewed by some of the largest TV audiences the planet has ever seen, so they present an unparalleled marketing opportunity in attracting people here in the years following the events, just because they liked what they saw on TV.

The hon. Gentleman is right to say that VisitBritain has that pan-Britain role. However, it is also worth pointing out that the decisions by Scotland, Wales or England on things such as a star-rating scheme are entirely local; they are fully devolved. Therefore, although I appreciate his remarks at the start of his speech, I gently say to him that a great deal of his concern about the star-rating schemes in Scotland must be directed to the Scottish Executive, rather than here. I do accept, however, that there is a point about consistency between the different nations.

Mr Weir: I am listening to what the Minister is saying but I rather fear he has missed my point. I fully accept that, internally, these things are devolved. Indeed, VisitScotland has made very clear its support for the existing scheme. However, that is not the argument. The point I was making about VisitBritain is that, given all the events that are coming up, most of the tourists will fly into London because Heathrow is the premier international airport and there are very few direct international flights to Scotland's airports—apart from certain destinations—particularly from many of the countries where VisitBritain operates. My concern is that if tourists come to the UK, they should be able to be assured that the type of starred accommodation available is similar throughout the various countries of the UK. I suspect that many of them will travel about a great deal while they are here. The worry is about breaking up a hard-won scheme that has taken many years to establish. If Scotland, Wales and Northern Ireland keep their schemes, as I think they probably will, and England goes its own way, there is a real danger of causing confusion and affecting important international tourism to the UK as a whole.

John Penrose: I take the hon. Gentleman's point, and I suppose the most reassuring response I can give is that the good news is that the tourism industry, both collectively and individually, is not stupid and understands the importance of common standards. He will understand that all the different existing schemes—I mentioned the AA scheme and the very local example that I saw in the New Forest—take notice of, and in many cases contribute to, a common set of standards, so there is a direct read-across between, for example, the AA scheme and others. That is clearly to the advantage of the entire tourism industry. Handing the English scheme back to the industry is very unlikely to endanger that, because it is clearly to its commercial advantage. I hope that that reassures the hon. Gentleman.

In the couple of minutes I have left, I shall move on to the hon. Gentleman's point about some of the alternatives. There was a long and impassioned section in the middle of his speech about the evils of TripAdvisor and all the things it gets wrong. For the sake of clarity, I point out that this Department and this Government do not hold a brief for TripAdvisor or anyone else like that at all. It would be entirely wrong of us to pretend that we did, or even to do so. TripAdvisor is the most commonly used such website in this country. It is used by people who are not stupid and who find what it says helpful—although I think many of them take what it says with a pinch of salt, because some of the reviews need to be viewed with a careful eye, for the reasons the hon. Gentleman laid out. However, there are plenty of alternatives, and many of those have very tight—and perhaps in some people's view, tighter—quality controls on the kinds of postings they allow. For example, many of them allow postings to be made only by people who have genuinely visited and stayed the night in the accommodation in question. Therefore, postings are made only by customers. They cannot be made by the people running the bed and breakfast down the road, who feel like posting something nasty even though they have not stayed in the accommodation. There are different ways of dealing with the quality control angle.

Websites of any kind that provide customer reviews live or die by the trust the British public place in those ratings. If someone visits such a site and thinks it is being spiked or generally misused, they are much less likely to go back to it. Therefore, there is a huge reputational risk for any websites that allow low-quality reviews to become too large a proportion of the total. For example, if, in the hon. Gentleman's view, TripAdvisor is getting it wrong too often and others are doing a better job, we would logically expect people to transfer their affections very quickly, given the rate at which things move in the digital world, from that website to another one. The hon. Gentleman is right to say that such websites are not perfect, and there are concerns about them, but there is an eminently sensible self-correcting mechanism whereby people can vote with their feet—or, in this case, with their mouse.

Mr Philip Hollobone (in the Chair): After that five-star debate, we move to a debate on funding for technology innovation in wave power.

Wave Power

1.29 pm

George Eustice (Camborne and Redruth) (Con): It is a pleasure to serve under your chairmanship, Mr Hollobone, in this important debate on the funding of wave-power innovation and technology.

Let me start by saying a little about the potential of this new industry. About 25% of all wave and tidal technology development is going on in this country. Our marine resource is second to none, and that is nowhere truer than in the south-west of England. The extraordinary resource around our coastline is backed up by lots of the skills and expertise that we need to develop the technology. The Carbon Trust has estimated that wave power could eventually meet 15% to 20% of our current power needs and that it might produce enough electricity over time to power 11 million homes. Furthermore, with the extraordinary development of this new energy resource comes a lot of economic potential. It is estimated that the industry could be worth £2 billion by 2050 and that it could create more than 16,000 jobs. Some estimates suggest that the wave and tidal power industries together might employ 10,000 by as early as 2020.

My constituency is home to the wave hub project, which is the first project of its kind anywhere in the world. It is the first time we will have a commercial-scale facility to test arrays of wave-power devices at deep-water locations. The project consists of a long cable 16 km off our coast at Hayle, with a plug anchored on the sea bed to take up to four arrays of devices for testing. Currently, the maximum power produced by each device is 4 or 5 MW, but it will be possible to expand capacity over time so that the wave hub could feed no less than 50 MW into the network. One company has already signed up to plug into the wave-power device. Ocean Power Technologies will test a commercial-scale version of its PowerBuoy system, which is one of the leading systems being developed.

My constituency is also home to the Peninsula Research Institute for Marine Renewable Energy, or PRIMaRE, to give it its short name. The institute is based at the Tremough campus near Falmouth. At the institute, academics from Exeter university and the Camborne School of Mines are doing a lot of important work, which is needed to support the development of wave-power technology. I visited last summer to see some of the work that is being done on moorings. The Cornish coast is famous for wrecking boats, and the sea can be quite choppy at times, so getting the strength of moorings for wave-powered devices just right is an important part of the development of wave power. PRIMaRE is also doing a lot of tests on new devices to see how each device works in commercial situations.

That brings me to a point about the importance of developing and funding technology innovation. The marine renewables deployment fund will be phased out in March 2011, although according to those in the industry, this £40 million fund was never very satisfactory. It was notoriously difficult to access; in fact, I am not sure whether anybody ever successfully accessed it. The reason is that one of the criteria stipulated that a device had to have been actively and successfully working in commercial situations for at least three months before

[George Eustice]

someone was eligible to apply for a grant. However, the key thing about wave-power technologies is that developers need support before that point; they need support before they get to the stage of keeping a device in the water for three months, not after they have achieved that extraordinary feat. Some estimates suggest that the cost of developing and deploying a commercial-scale device is in the region of £30 million, so developers need support much earlier in the process.

Some improvements were made under the marine renewables deployment fund, which was deliberately designed to come in a bit earlier. However, we now need to think carefully about how we move from the proving stage—testing small devices at the European Marine Energy Centre—to the stage of developing wave power on a much bigger scale.

Andrew George (St Ives) (LD): My hon. Friend is making a good case. In the previous Parliament, my constituency included the Hayle area, so I was involved in the development of the excellent project he is talking about. However, does he agree—I think he is coming to this—that if the project, which enjoys perfect conditions, is to become a commercial success, we need public sector support, such as renewables obligation certificates or other means, to bridge the gap between where it is now and where it needs to be?

George Eustice: Yes, I absolutely agree. Although the wave hub technically comes ashore at Hayle, my hon. Friend has told us once before that it is actually in St Ives waters, and we have both had discussions with representatives of the fishing industry, who have concerns about where the wave hub is located. However, I absolutely agree with my hon. Friend, and I was coming to the point he raises.

The Government have announced a review with the Technology Strategy Board. They have also announced the new idea of technology innovation centres. Those involved with the wave hub and the PRIMaRE institute at Tremough are keen to develop a TIC for offshore renewables in the south-west. What I want from the Minister today is some idea of the criteria that will be applied. We know that a technology innovation needs assessment—TINA, in the jargon of the trade—is being carried out for projects that want to put themselves forward for a TIC. I was recently pleased to hear the Minister repeat his pledge about trying to develop a marine energy park in the south-west, and there is no better place for that than Hayle. A lot of infrastructure improvements are being carried out on the north quay, and a small marine business park will be located near the wave hub project.

I am keen, however, to understand the criteria that will be applied. I am not a big fan of ring-fencing these budgets and pots of money. Some in the industry say that we should make x amount of the £200 million available for wave-power development, but it is much more important to apply the right criteria to determine where to allocate the funds. The marine renewables deployment fund failed because we were far too risk averse. The whole reason for having public subsidy and public investment in these areas is to bridge the gap between risk and potential. When it comes to wave power, we have extraordinary potential, with a source of energy that could meet 15% or 20% of our energy needs. However, there is also a large risk in that it is much harder to develop devices to use out at sea in difficult conditions. As I said, it can cost up to £30 million to develop these technologies. The Government's role should be to come in and bridge that divide between risk and potential.

The second key point about the criteria is that they must look at what stage the development of the technology has reached. Those involved in wave power have just gone past the phase of testing devices in a tank in the laboratory and have moved to testing commercial-scale arrays, so the industry really needs some additional funds to help it make the next step. A lot of the other renewables industries that will be competing for the same funds are quite a bit further along the development road, and we should be making much tougher demands on them so that they start getting private sector investment. We should also remember that providing public sector investment can unleash a lot of additional private sector investment. The £100 million that the Government have already invested in wave power has brought in an additional £200 million of private sector investment. There is private sector money, but those concerned need to know that there is a commitment to develop things to the next stage.

Finally, geography is another factor to take into account in relation to the capacity to develop an industry, and I want to say a little about ROCs. In Scotland five ROCs per megawatt-hour are paid at the moment for wave power that is generated, but there is not the capacity on the grid to develop an industry there. We need to avoid a situation in which all the development of the industry takes place in Scotland, but in a few years we find that there is insufficient capacity in the grid to capitalise on the industry properly. It would be far better to develop the industry in the south-west where there is capacity on the grid to upscale and expand the industry.

I believe strongly that in addition to the right technology push we need the right support framework to create the pull conditions to enable the industry to go beyond the development stage. There is no doubt that the answer is to increase the number of ROCs that we pay on the commercial devices to five ROCs per megawatt-hour, so that we match Scotland. That would give a level playing field.

Andrew George: My hon. Friend has got to the nub of the biggest hurdle to taking the project forward. As the Government are reviewing the ROC regime it is clear that some intense negotiation is needed between the UK Government and the Scottish Executive, to give sense and sanity, and an even playing field across the border.

George Eustice: I agree with my hon. Friend. There was quite a bit of criticism of the decision by Scotland to go unilaterally for the five-ROC regime. Others in the industry say that perhaps five are not needed and perhaps three or four would be acceptable, but we need that level playing field, so that the people developing the technology can make rational judgments rather than just chasing those paying the highest amount of money.

We are clearly entering an era of energy needs in which there is no magic bullet. We shall need many different sources of energy to come on stream. The Minister once told me that wherever he goes, and whatever conference he attends, people say "This is the magic industry that is the future" whether it be biomass, anaerobic digestion, nuclear or something else. The truth is that we shall probably need a range of sources to supply our energy needs in the future. It is clear that wave power could be one of those important sources, but only if we are willing to back it to the next stage, to get it to a commercially viable situation.

Mr Philip Hollobone (in the Chair): With the permission of the hon. Member for Camborne and Redruth (George Eustice) and the Minister, I invite Mr Shannon to make a contribution, but I want to call the Minister at 1.45.

1.43 pm

Jim Shannon (Strangford) (DUP): Thank you, Mr Hollobone. I thank the hon. Member for Camborne and Redruth (George Eustice) for securing the debate. I want to make a couple of quick comments, as I understand that time is limited.

I fully support the points that the hon. Member for Camborne and Redruth made. There is wave and green energy creation in my constituency, at SeaGen at Portaferry, which is a very successful venture that took a lot of private enterprise spending as well as Government support. What discussions has the Minister had with the Minister of Enterprise, Trade and Investment in Northern Ireland, Arlene Foster? Have there been any discussions with her about how to introduce wave energy?

I am always concerned about the impact on the fishing industry, which the hon. Member for Camborne and Redruth alluded to in his speech—obviously the issue is of concern elsewhere, too. The fishing industry is not against wave energy but there is concern about and awareness of the need to maintain fishing stocks and fishing areas. I want to know what will happen in that regard.

We have European and Government targets for green energy, which we must meet. I am keen to support wave energy, and I keen that the Government should support it. I am also keen that something should be established to ensure that the fishing industry will not be disadvantaged. Wave energy is one of those on-tap resources of which we should take more advantage.

1.45 pm

The Minister of State, Department of Energy and Climate Change (Gregory Barker): I congratulate my hon. Friend the Member for Camborne and Redruth (George Eustice) on securing the debate today. My hon. Friend is already known as a champion of his constituency, but he is becoming an experienced and articulate advocate for the wave and marine industry generally, which has huge potential not only as an energy source but as an employer and generator of wealth, particularly in the south-west. As I hope I shall show, we see that as something with real potential for the south-west, and—as I am sure that the hon. Member for Strangford (Jim Shannon) will be delighted to hear—all around the British isles.

My hon. Friend the Member for Camborne and Redruth began by talking about his constituency, which is famous for, among other things, being the home of Wave Hub. That is a good example, as he pointed out, of how the UK is currently leading the world in the nascent industry of wave and tidal energy development. It is a unique facility, as he said—it is the only grid-connected facility where arrays of commercial-scale wave energy devices can be tested in a live hostile environment. It is an important asset as we develop the sector, and one that the UK Government take very seriously. Together with the other UK marine energy testing facilities—the European Marine Energy Centre in the Orkneys, and the onshore marine drive train testing facility, which is being developed at the National Marine Energy Centre in the north-east of England—it helps to provide Britain with a unique offer to the emerging sector, which is already helping to concentrate the global focus on our waters. I believe that a globally competitive opportunity is emerging.

I am glad to tell my hon. Friend, if he did not already know, that the Secretary of State will be visiting Wave Hub later this month as part of a visit to the south-west, to see how the commissioning of the facility is progressing. I look forward to getting an update from him, and I hope in due course to have the opportunity to visit Hayle myself. I assure my hon. Friend that I am personally committed to marine energy and that I share his level of ambition. Not only that, but the coalition Government, who are determined to be the greenest Government ever, are absolutely committed to harnessing the benefits that a successful marine renewables industry can bring to the UK. Support for the development of the sector is explicitly written into the fabric of the coalition agreement. I also assure my hon. Friend that I am committed to leading the way to ensuring that that commitment, unlike others made by previous Governments, will be realised.

There are real gains to be had from creating a successful and vibrant marine energy sector in the UK. If we can capitalise on our natural coastal resources, those gains will be manifold. Marine energy can certainly contribute to our renewable energy generation mix and help us meet our longer-term carbon saving targets, but the benefits go beyond that to providing us with secure, clean electricity, which enhances our energy security. Certainly, in our appreciation of marine energy we need to look more widely at the sector than through the prism of our relatively short-term and narrow 2020 carbon targets. We need to take on board, as a Department and across Government, the opportunity to build a new manufacturing sector in the UK. However, that should be seen in the context of the coalition's wider ambitions to rebalance the economy, recognising that among other renewable sectors it gives us the opportunity to create new jobs and more opportunities, both at home and globally.

We can capture that opportunity only if we capitalise on the hard work already done by that sector, ensuring that the right foundations and support are in place to build on its success. For too long, previous Governments have failed to provide the sector with a clearly articulated long-term vision of what they want to achieve in the marine energy sector. That needs to change, and we are determined to change it. That is why I have established the marine energy programme; and I want to create a

[Gregory Barker]

dynamic new cluster in the sector with the establishment of a network of marine energy parks around the UK. I hope that the first marine energy park will be in the south-west.

We clearly need to give greater focus to our marine efforts. I recently attended a meeting at No. 10 with Eric Schmidt of Google, chaired by the Chancellor. Out of that came a sense that we can learn a lot from the growth of other sectors that are based on scientific innovation, such as IT. The clustering of companies in silicon valley in the US was a key driver of that innovation and growth, because it fostered information sharing and competition and ultimately led to a reduction in investment risk, the fertilisation of new ideas and an increase in investor confidence.

Andrew George: I am most encouraged. I entirely endorse the Minister's saying that this Government should be the greenest Government ever and his commitment that, with this project, our country should lead the world in marine energy. That said, and with the £42 million investment in place and annual insurance for the project already being met, what can the Government do to ensure that wave devices are placed on that site? Ocean Power is the only company that proposes doing so, but we need more, and I believe that that needs Government commitment. What can the Government do to assist this project?

Gregory Barker: I shall endeavour to explain. The Government need to do a number of things.

Marine energy parks could draw together research and development, manufacturing and other sector expertise in one place to achieve that, not on an exclusive basis but as a hub with many spokes. In a number of locations around the UK that is already beginning to happen, and the building blocks for future marine energy parks are already beginning to form—for example, activity in and around the Pentland firth in Scotland, off the coast of Anglesey and in south-west England is creating exactly the right conditions for marine energy parks. As I have made clear, we see the south-west leading the way. It has the potential to be the first marine energy park, given its unique mix of renewable energy resource and home-grown academic, technical and industrial expertise in the sector.

At the first meeting of the UK Marine Energy Programme Board, which was held in Exeter last month, I set a challenge to stakeholders in the south-west and elsewhere to come forward with ideas on collectively creating a marine energy park that will be successful in attracting additional investment and helping to boost the UK's offer on marine energy. I look forward to working with those stakeholders and harvesting their ideas. However, my hon. Friend was absolutely right to say that public sector capital is only the beginning. We need to ensure the long-term growth of the industry, crowding in private sector capital and creating the conditions in which such capital will dwarf what the public sector can provide in these hard times. That is the real opportunity that we have to play for.

We still have a lot to do to achieve the level of deployment suggested by my hon. Friend the Member for St Ives (Andrew George), and he was right to press the matter. Over the next three or four years, I want us to be talking about deployment and scaling up in real time. We need a big vision and clear leadership, but it really is rubber-on-the-road time when it comes to working collaboratively with the industry, so that we can make real progress on the ground and at sea. Marine energy has been a Cinderella industry for far too long, and we need a programme that will set out our vision and the key stepping stones for implementation. I hope that the Marine Energy Programme Board will help me during the next few months to marshal the various pieces needed to ensure an effective deployment programme.

Turning to energy market reform, feed-in tariffs and the renewables obligation, the message from the first Marine Energy Programme Board meeting in Exeter was clear. First, we need to focus on getting the right levels of revenue for the sector to attract investment. Secondly, investment in innovation to reduce risk is absolutely necessary. That investment must be pulled in and made available in the near future.

We are already consulting on whether to offer generators a choice of renewables obligation certificates or a new feed-in-tariff mechanism between 2013-14 and 2017, once the electricity markets review legislation is in place. That will give marine generators access to the new forms of FITs from the start, which will provide added certainty and a more stable revenue stream. It will be a while before the new FITs are in place, and the marine sector needs to be confident that appropriate support will be in place before then, so as to ensure that longer-term investments will be made.

The longer-term future of the sector is clearly tied up with the new FITs, but we shall deal with the immediate problem through the review of the current ROCs. The coalition Government acted immediately after coming into office to review the banding of ROCs. As a result, investors will have certainty about what support is available a full year earlier than previously planned, with a Government response this autumn and legislation in place on the new ROCs banding by April 2012.

I cannot prejudge what that review will say, but the message given by my hon. Friend the Member for Camborne and Redruth was echoed powerfully at the meeting in Exeter. I am well aware of what the industry needs in order to expand and go forward, but that clearly needs to be balanced by other factors and other demands for renewable subsidy, which is, in effect, what ROCs are. Evidence obtained from the marine industry will feed directly into the ROCs review, and I am taking a personal interest in it.

That brings me to technology. The history of the marine renewables deployment fund—the MRDF—and its failure to spend is well known, and my hon. Friend briefly cantered around that course. It is a real indictment of the previous Administration's failure to turn good will into good progress. The MRDF has been sitting on £50 million of the environmental transformation fund since it was created in 2005—as my hon. Friend said, the fund will close in a matter of weeks at the end of this financial year. That budget was allocated for the current spending review period, and the Department will have to make decisions over the allocation of new innovation funding. We secured more than £200 million of innovation funding in the comprehensive spending review; to date, we have allocated £60 million for ports

infrastructure, but there are other competing areas. However, we will listen carefully to the needs of the marine industry.

The development of criteria for technology innovation centres is being undertaken by the Department for Business, Innovation and Skills. However, my Department is working closely with our BIS colleagues to ensure that those criteria are effective, appropriate and sufficient to drive innovation and technology. Detailed proposals have yet to be developed, but an offshore-focused TIC would make a valuable contribution in moving the sector forward, and we are actively engaged with our colleagues in that dialogue.

One of the Britain's great strengths is its expertise in research and development. That is particularly true in the marine energy sector. With the Minister for Universities and Science, I co-chair the low carbon innovation group, which brings together the key Government bodies that support low carbon innovation, which allows us to ensure that they act in concert. That group has been developing the technology innovation needs assessments referred to by my hon. Friend, and marine energy and bio-energy are part of that programme.

This is clearly an important time for the industry. I would like to give more detail, but time does not allow it.

2 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 16 February 2011

[MR ROGER GALE *in the Chair*]

Economic Regeneration (Glasgow)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr Goodwill.)*

9.30 am

Margaret Curran (Glasgow East) (Lab): Thank you very much, Mr Gale. I am very pleased to speak here this morning. This is my first Westminster Hall debate since I was elected as a Member of Parliament at the last election, and I am pleased that the subject is my own city of Glasgow—the great city of Glasgow. I am sure that you will hear much of that this morning, Mr Gale.

Of course Glasgow is vital to the current economy of Scotland, and over the years it has also contributed a great deal to Scotland and the United Kingdom. Although Glasgow has suffered many setbacks and difficulties along the way, I argue that the city has fought to overcome them with significant success. It is important that we understand the key ingredients of that success and that we do not repeat the mistakes of the past. Instead, we must deepen and enhance the processes of regeneration, so that we can benefit from them in the future.

The second city of the empire, Glasgow inspires great pride and loyalty in its people: pride in the skills and contribution made by working people to the economy, and loyalty to a city famed for its humour and resilience. By 1870, Glasgow was producing more than half of Britain's tonnage of shipping and a quarter of all the locomotives being built in the world. Of course, our interest in shipbuilding continues to this day, as I am sure Ministers know. In my constituency, Glasgow East, we had Parkhead forge, which was a powerhouse of the steel industry. It was one of the biggest steel employers in the world—at one point, it employed 30,000 people—and it made an enormous contribution to the war effort. The plant finally closed its doors in the 1980s.

I argue, with some regret, that that great contribution to Scotland's economy has not been properly recognised or rewarded over the years. There is a real sense among Glaswegians that our work and contribution were used when times were good, but that we were abandoned when change was under way, and we cannot let that happen again. As a result of that abandonment, we were left with a legacy of ill health, high poverty and mass unemployment. That situation was particularly bad during the 1980s, when unemployment soared. There was a sharp decline in public services, urban decay set in and a cycle of worklessness and hopelessness became embedded in too many communities and too many families. The next generation worked hard to tackle that legacy through economic and social regeneration. As I mentioned at the beginning of my speech, there were many successes along the way. As a result of economic diversification and increased investment in infrastructure, health and education, Glasgow achieved a great deal.

More than 53,000 jobs were created in the city between 2000 and 2005, which was a growth rate of 32%. Between 1998 and 2001, the city's financial services sector increased by 30%, and it is now one of Europe's largest financial centres. In 2005, more than 17,000 new jobs were created. In 2006, private sector investment in the city reached £42 billion, which represented a 22% increase in such investment within a single year. That shift in Glasgow's fortunes marked very significant progress and played a vital part in helping to change Glasgow's image of economic decline and worklessness. In doing so, it inspired confidence in the people of Glasgow, and it inspired investors to have confidence in the city. Of course, it also demonstrated that the famous Glasgow resilience pays off.

A debate about regeneration is about not only the physical aspects of a place but its people. Glasgow has had a strong sense that the process of economic regeneration and the accompanying process of cultural renaissance that it experienced in the 1980s and 1990s should benefit all its citizens and not only those who were skilled and able to make the most of those opportunities. Too often, Glasgow was characterised as a city of two halves, and there was a real push to ensure that all the people of the city benefited from any regeneration process. Glasgow's problems of ill health, poverty and deprivation were so deep-rooted that there needed to be a step change in how we tackled them. A vital ingredient was the regeneration of some of the most disadvantaged communities, a number of which are in the east end of Glasgow in my constituency. Long before the big society was ever heard of, Glasgow pioneered community development.

We are all aware of the mistakes that were made in the past when things were "done to" communities rather than "with them", particularly in relation to housing. Economic regeneration is at its best when we work with people who have experienced the problems and have a vested interest in finding the solutions, rather than when we impose top-down reforms. That is best illustrated in the housing sector. Through housing stock transfer, the city has been able to bring additional major spend into housing investment. That process not only involved tenants in a completely new way but delivered a programme of sustainable housing in Glasgow. In my previous role as a Member of the Scottish Parliament, I was the Minister with responsibility for housing in different ministerial capacities, and I was substantially involved in housing stock transfer. If anyone wants to hear me talk for half an hour about housing stock transfer, I am very willing to oblige, but such talks are obviously not in great demand at the moment.

Given the challenges facing Glasgow, it is important to understand how we made progress. Glasgow city council was instrumental in building a lasting partnership with the private sector, a partnership which continues to this day. That partnership with the private sector will be the theme of my contribution to the debate, including how it is possible to get the public and private sectors to work together. My real fear is that that partnership is being jeopardised at the moment. The experience that we had in Glasgow of the partnership between public and private is relevant to the discussions of today and the priorities that we set.

In Glasgow, the private sector understood the need to invest in education and the benefits that it accrues from that investment. The private sector benefited enormously

[Margaret Curran]

from the developments in housing and in particular from housing stock transfer. For example, the £1 billion investment by Glasgow Housing Association has seen unparalleled improvements in housing throughout the city. Perhaps the employment opportunities that arise from such housing investment are not properly understood, but in fact 4,000 people were directly employed between 2006 and 2010 as a result of the investment in housing in Glasgow. Nearly half those people were employed through community benefit clauses, which shows that public intervention works by creating sustainable employment. Of the 2,000 people who were employed through community benefit clauses, half of them were trainees or apprentices. Once again, that employment has had a real impact in the communities in which those people lived and worked.

We have experienced a bit of a jolt to the process of regeneration in Glasgow in recent years, since the Scottish National party came to power. I would argue that during that time the partnership approach to regeneration has been undermined. That is exemplified through the development of the Scottish Futures Trust. That trust was set up by the SNP Administration, and it was meant to be part of a new approach to raising private finance, allegedly for investment. However, it has failed to commission the building of a single new school, and funding for capital investment projects has fallen by £1 billion at the cost of 37,000 jobs in the construction industry.

The SNP Government have refused point blank to listen to the pleas of the business community in Glasgow, and as a result of that cut in capital investment and other cuts, the construction of school buildings has been scrapped and thousands of teachers and nurses have lost their jobs. The "Salmond slump", as it is now termed in Scotland, has also seen the cancellation of vital capital infrastructure projects such as the Glasgow airport rail link. The cancellation of GARL has meant the loss of 1,300 jobs. For the first time in a long time, Glasgow unemployment figures have begun to fall behind those of England.

There is no doubt that the decline in investment under the SNP Administration has hit Glasgow hard. In my own constituency, the number of new or refurbished schools between 1999 and 2007 was 14, so we had 14 brand new or refurbished schools in the east end of Glasgow in that time. Since the SNP came to power, not one school in my constituency has been built or refurbished—there has been no investment at all in schools. Recently Glasgow city council has had more than its fair share of budget cuts, as the council itself will confirm. There has been a 3.6% budget cut, which is the highest cut for many years and above the national average.

Glasgow is battling on, and there are still regeneration projects that matter enormously. I want to refer to two of those projects that are of great importance—first, the Commonwealth games, and secondly the Clyde Gateway. The 2014 games will be an exciting occasion, and there was great celebration in Glasgow when we won them. It is an occasion to celebrate sport in a city famed for its sporting achievements. As the Member of Parliament for the great football team of Glasgow Celtic, I expect everyone to be aware of our great expertise on the football field, and I am sure that we will inspire interest in other sports when the Commonwealth games are held. It is, however, also an opportunity to foster economic regeneration, most particularly in areas of the city that still need rejuvenation. More than 9,000 businesses entered the bidding process for affiliated contracts and subcontracts, and it is expected that the games will create 1,000 jobs and stimulate £1 billion of infrastructure investment in Glasgow, most particularly addressing our urge to ensure that the most deprived areas benefit. In the east end of Glasgow the games are of great significance, so will the Minister, in his response, focus on the games? We could perhaps learn things from the UK's experience with the Olympic games, and the UK Government could perhaps play a part in ensuring that the Commonwealth games are an important success.

The Clyde Gateway is another important development in the east end of Glasgow. It has been identified in the national planning framework as Scotland's top regeneration project. It has the target of creating 21,000 jobs and 10,000 homes over two decades. It is vital to the success of Glasgow, but recently there have been some problems with its funding. The SNP Government have taken some action to address the concerns, but the role of Scottish Enterprise has, I think, been controversial in its support of the gateway. We cannot afford to let the project slip, and some of my hon. Friends will perhaps want to make more detailed reference in their contributions to the progress, or lack thereof. Hopefully, we can particularly focus on that in the coming months, as it is key to the regeneration of Glasgow. Both the Clyde Gateway and the Commonwealth games are important to regeneration, particularly as they have a focus on and locus in addressing the issue of deprived communities, as well as having a stake in Glasgow's future.

Glasgow is, of course, facing the double whammy of a Tory-led Government—hon. Members will have expected me to move on to this topic. In debates such as this, I always want to be polite, so I will say this in the most generous personal terms, but I cannot resist making political criticisms and I hope that the Minister will take what I say in the tenor in which it is meant. We have seen some difficulties and challenges since the election of the new Government, including the cancellation of the future jobs fund, which was doing so much to tackle problems of unemployment and particularly of youth unemployment, where we were just beginning to grapple with some of the more deep-seated issues. We have seen the cuts in public expenditure, and we have heard from the Government that when cuts are made in public expenditure, the private sector will step in to fill that gap. I say assertively to the Government that that did not happen when the SNP cut expenditure. In fact, the business community put quite a different case in Glasgow, where it said that when public expenditure is used wisely, it can assist private sector development, and we have seen the details of that in Glasgow and the real success of the model.

We have also seen a raft of cuts in housing benefit, which has undermined that twin process of economic and social regeneration. I would be the first at the barricades saying that welfare reform is important, particularly because of the constituency that I represent. I was a great supporter of the welfare reforms introduced by the previous Labour Government, but how reform is

done is critical. The number of people on incapacity benefit tripled under the previous Tory Government, but fell during the previous Labour one. It is concerning that this Government's welfare reforms are perhaps undermining regeneration. A particular example is the Government's decision to take away 10% of housing benefit from someone who has been on jobseeker's allowance for a year. Even if that person is doing all that is required of them and is desperately looking for work, they will still lose their benefit. That not only has a harsh impact on the family but undermines housing-led regeneration, because it affects funding for housing associations in Glasgow, which would be a desperate setback for our city. In all honesty, such a punitive, nasty cut reminds Glaswegians of the bad old days. We have had the higher education cuts that have come through the block grant, and investment in education, particularly at university level, matters so much for a skilled work force, because it enables growth in key sectors such as life sciences and finance.

Centre stage in this discussion has to be unemployment. The numbers have been creeping back up in Glasgow, particularly with the real concerns about the retraction in the economy shown in the recent growth figures. In Glasgow in December, 15 claimants were chasing every vacancy—in my constituency, the figure was 25. That is deeply worrying for those individuals, families and communities, and it has an enormous impact in the city as a whole. It is all very well telling people that they must go back to work, but there are no jobs to go to, which cuts the feet from under the policy. We cannot have welfare to work if there is no work, and it is employment and the lack of it that lies at the heart of the regeneration debate.

For generation after generation, Glasgow has experienced surges in unemployment through profound economic shifts without the right action to protect its people and to get its economy back on its feet, and it looks as though we are experiencing that yet again. I have no doubt that the Government will respond by saying that it is all the fault of the previous Government, and that there is nothing else that has to be done apart from tightening our belts. That has been said to Glaswegians before, and it is has been proved very wrong indeed, many times. I argue very strongly that the people of Glasgow understand that the banking crisis was the fundamental cause of the recent economic experiences, and there is great resentment that that sector is not being made to contribute more to the solutions. Britain's debt was among the lowest in the G7, and the Tories actually argued that we should perhaps have gone further in our plans for public expenditure. In reality, as Glasgow has shown, it is not "public sector investment bad," as if that were somehow a drag on the economy that stifles private sector development; it is both the public and private sectors working together in partnership that is good and that matters.

I will draw my remarks to a close, and I thank hon. Members for attending the debate. One of the first demands that I had when I became a Member of Parliament came from Glasgow's *Evening Times*, that other significant element of Glasgow life, which my hon. Friends know. The paper contacted me and insisted that my job here is to stand up for Glasgow and that I should make that one of my central claims, which is what I agreed to do—we always agree, I am sure, with the *Evening Times*. I will continue to do that, because it is our job here to highlight the city's strength and potential.

People have many images and stereotypes of the city of Glasgow, and I never deny the problems that we face. I have hopefully done some work to try to deal with some of our city's great difficulties, but it is also a city of great strength, promise and resource, and we have to learn from not only its problems but its great successes. I hope that the Minister will listen and will take back Glasgow's message to the Government. That message is that they should think again about cuts in housing benefit in particular and that they should support our fight for jobs, particularly as we have seen the job crisis increase. They should recognise Glasgow's contributions and work with us to support economic and social regeneration.

Mr Roger Gale (in the Chair): Four hon. Members on the Back Benches wish to participate in the debate. The Chair chooses to give preference, when possible, to Members who have written to Mr Speaker to indicate that they wish to take part, so I propose to call Mr Greatrex next. It might be for the convenience of Members if I also indicate that I shall then call Ms Swinson, Mr Bain and Mr Sarwar, in that order. If hon. Members would be good enough to confine their remarks to 10 minutes, that will enable me to call the Opposition Front-Bench spokesperson at 10.30 am.

9.49 am

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): I will endeavour to keep my remarks as brief as possible, so that other Members are able to make their points.

I congratulate my parliamentary neighbour, my hon. Friend the Member for Glasgow East (Margaret Curran), on securing this important debate. She rightly spoke of the history, character and legacy of the city of Glasgow and, importantly, of the city's potential. I pay tribute to her and the other hon. Members who are standing up for the great city of Glasgow in this debate.

I speak as somebody who definitely does not represent a Glasgow constituency. My constituents who live closest to Glasgow are not slow to remind me that they live in the Royal Burgh of Rutherglen. They might have Glasgow postcodes and phone numbers, but the River Clyde forms a natural boundary between Rutherglen and the east of the city, although that natural boundary might not be respected in future by the Boundary Commission, depending on the outcome of deliberations elsewhere today. However, I suppose that that is a debate for a much later hour.

Although my constituency interest is not directly in Glasgow, the fact that my constituency neighbours Glasgow gives me a strong connection with the city across the river. The southernmost part of my constituency shares many characteristics with the east end of Glasgow, as described by my hon. Friend in her speech. Due to that connection, my constituency has a direct interest in the regeneration of Glasgow, particularly through the Clyde Gateway project, which she mentioned and I will discuss briefly.

I realise that the Minister will get both a geography and a history lesson during this debate. I hope that the Clyde Gateway is a fairly self-explanatory description

[Tom Greatrex]

of the regeneration area. It takes in the area to either side of the Clyde and east of the city, and includes the constituencies of my hon. Friends the Members for Glasgow Central (Anas Sarwar) and for Glasgow East on one side, and mine on the other. The Minister might be less familiar with the work of the Clyde Gateway urban regeneration company. I pay tribute to the work of Clyde Gateway, which has learned the lessons from sometimes less successful regeneration initiatives in other parts of the country. Clyde Gateway has actively involved and engaged communities since its establishment in late 2007, and its priorities have been led by what local communities say they need and want for the area.

It is fair to describe this as a once-in-a-lifetime chance to make a difference to some of the most deprived areas of Glasgow and South Lanarkshire. The opportunity has been created partly by the Glasgow bid for the Commonwealth games in 2014, as my hon. Friend mentioned, and partly by the construction of the final, missing section of the M74 from Cambuslang in my constituency to join the M8. The improved transport connection and legacy sports facilities from the games will make a massive difference to the area. At the same time, an opportunity is at stake to do much more in relation to housing, industry and jobs—not only construction work but sustainable long-term jobs.

So far, only some of those benefits have come to fruition in the form of improvements in and around Rutherglen station, the opening in the past few weeks of small business units in Stonelaw road in Rutherglen and an innovative arrangement with Campbell Construction Group to ensure that the construction jobs and training associated with the Clyde Gateway project are geared as far as possible towards local people.

The Clyde Gateway area on the side of the river that I represent has a long and proud industrial history, but history does not always get us far. It does not provide many jobs, keep local people in the communities where they want to live or help economic growth. Although the pits have long gone and the Cambuslang Hoover factory has been closed for several years—some of the physical structure is still around—the steel works continue. There is huge potential to help regenerate what was once and can again be a thriving economic base in my constituency.

The potential is clear. Thanks to the work of Clyde Gateway, public support exists and some of the first projects have been delivered. Visible progress has been made not just in Rutherglen but in Bridgeton on the other side of the river. The project has also gained the support of business organisations, Glasgow city and South Lanarkshire councils and, until recently, Scottish Enterprise, the regeneration agency in Scotland. Clyde Gateway has been an evolving success story, with huge potential and the support—at least in words—of Ministers in the devolved Administration in Edinburgh.

It was therefore of great concern when in January this year, without notice, consultation or explanation, Scottish Enterprise announced that the budget of Clyde Gateway and other URCs in Scotland would be cut by nearly half, which is well beyond the level anticipated or warned about and places in doubt the future of Clyde Gateway and its ability to deliver some key projects. Many people felt utterly betrayed, not by Clyde Gateway or by their local authorities, which were keeping to their side of the bargain as founders of the regeneration company, but by the crass actions of Scottish Enterprise.

The once-in-a-lifetime opportunity has been left cruelly in limbo by Scottish Enterprise. Last week, after pressure, John Swinney, the Finance Minister in Holyrood, managed to find the money to reinstate the sum cut from the budget for URCs for this year by creating an underspend elsewhere, a juggling act of the type I am sure Treasury Ministers are practising for March.

Clyde Gateway is still at the mercy of Scottish Enterprise. A week later, Scottish Enterprise has still not confirmed how much money will be redirected back into the projects to which it committed, nor what the long-term position is given its previous commitments to funding until 2016. Scottish Enterprise said in its business plan, published less than a year ago, that it will

"continue to work…to deliver national regeneration priorities"

such as Clyde Gateway, ring-fencing £12.5 million in 2011-12 and 2012-13 and maintaining funding until 2016.

As I am sure the Minister will understand, the continued ability to lever in private sector investment and commitment from potential employers depends on stability and confidence that plans will be delivered, not left in the lurch. It is not good enough that, although John Swinney was forced to restore the money cut from the budget, Scottish Enterprise has failed to explain what that will mean for Clyde Gateway next year. There is no sense of what the position will be in the further two years for which money was previously committed.

We have heard in this debate and will continue to hear about the importance of regeneration to many communities in Glasgow. Clyde Gateway covers one aspect of that regeneration in a specific area, but it is a crucial time for the east end of the city and the areas across the river in Shawfield and Rutherglen. If taken, this opportunity can make a difference to many people. If it is missed, they will be cruelly let down. The area has needed regeneration for far too long, as is obvious to anyone travelling through it. Progress has been made recently, creating hope, but there is now a danger that due to the twisted logic of Scottish Enterprise, the opportunity could be lost.

I realise that it is not the Minister's direct responsibility, but I take this opportunity to place on the record my hope that Scottish Enterprise will do what it can to make clear its ongoing commitment to Clyde Gateway so that crucial capital projects can progress. Failure to do so will let down the communities in my constituency and other hon. Members' in a shoddy and disgraceful way.

9.58 am

Jo Swinson (East Dunbartonshire) (LD): I congratulate the hon. Member for Glasgow East (Margaret Curran) on securing her first Westminster Hall debate on this very appropriate topic, and on how she introduced it. She is well known for being dedicated to her constituency and constituents, and she captured the city of Glasgow's past and continuing energy.

Like that of the hon. Member for Rutherglen and Hamilton West (Tom Greatrex), my constituency is just outside the city of Glasgow, although it does not have the same natural boundary. The town of Bearsden in

my constituency is right next to Anniesland in Glasgow, and Bishopbriggs in East Dunbartonshire runs into Springburn in Glasgow. It is fair to say that people in the west of Scotland who live near the city are very aware of whether they are within Glasgow city boundaries, but the further away they live, the more solidarity they feel with Glasgow. As a student in London, I recall sometimes feeling like an outpost of the Glasgow tourist board. When I said that I was from Glasgow, people would say to me, "Oh, that's a dirty, horrible industrial city," and I found myself putting those myths straight.

Although Glasgow has a proud industrial heritage, it is also a city with stunning Victorian architecture—indeed, it was the UK city of architecture and design in 1999—and an exciting mix of culture. It was the European city of culture in 1990, which was in itself a great catalyst for regeneration, similar to that which we have seen in Liverpool recently. Glasgow is now very much a modern, vibrant and confident city, and people with an outdated view of it should visit in order to experience what it is like today. Many of my constituents work in Glasgow—the transport links are good—so the economic regeneration of the city is important for the health, well-being and prosperity of people living in East Dunbartonshire. Glasgow has a wide hinterland. It is very much the focal point for all of the west of Scotland in terms of economic activity, which covers everything in the region, from the bustling city centre to the tranquillity of the shores of Loch Lomond.

On regeneration, I want to touch upon a particular part of the hinterland, namely the town of Kirkintilloch in my constituency. It is celebrating its 800th anniversary as a burgh this year, and it is the focus of much regeneration. I think that the hon. Member for Rutherglen and Hamilton West will know a great deal about Kirkintilloch's initiative from his previous work for East Dunbartonshire council. The initiative has brought together a multimillion pound regeneration package, including a new leisure centre, a new health centre and a newly opened link road, which, as well as alleviating some traffic problems, makes Kirkintilloch much more accessible to people travelling there from Glasgow. It has helped to regenerate the town, which certainly needed it—it is, perhaps, the part of my constituency that has been in most need of regeneration. That has been successful and much of it has now been completed.

The town has recently been allocated £361,000 for town centre regeneration from a Scottish Government fund. Therefore, although the hon. Lady has genuine criticisms of the Scottish Government, it is perhaps fair to say—particularly because no representative of the Scottish National Party is present—that the Government in Holyrood have done some things right. However, I agree with her complaint about the cancellation of the Glasgow airport rail link. I do not now fly to London—I take the train instead—but that was an important project that would have been helpful had it not been cut. Kirkintilloch has a great deal of heritage—as I have said, it is celebrating its 800th anniversary. The Forth and Clyde canal runs through it, and it has much Roman heritage. In fact, much of my constituency runs along the line of the Antonine wall, which not long ago became a world heritage site.

That brings me to the issue of economic regeneration and tourism. It is frustrating that we underperform in that area in the west of Scotland. One of Scotland's biggest industries is tourism, but so many people I meet who say that they have visited Scotland have been only to Edinburgh and think that that is enough. We must and can do more to draw people across, even if it is only for a day trip, so that they do not just think, "We'll go to Edinburgh." After all, the two cities are only 45 minutes apart on the train, and the west of Scotland has a wealth of activities and things to offer people that they would not necessarily get in Edinburgh. We should be promoting that more.

As I have said, we have the world heritage site of the Antonine wall. We also have the west highland way, which is one of the world's greatest long-distance walks and which starts in Milngavie in my constituency. We have not properly exploited its economic benefits. Obviously, there is a current economic benefit, but it could be so much greater. The recent opening of a tourist information centre in Milngavie was a welcome start to that process, but it speaks volumes that, until recently, this world-famous, long-distance walk did not even have a tourist point at its start. It has not been given the priority that it should have for many years.

Another reason why we should attract more people to Glasgow is that—if I may be slightly biased—we are a much friendlier city than Edinburgh has a reputation for being. I am sure that if people come, they will want to come back and become ambassadors. Those of us who represent the west of Scotland in this place and in other Parliaments have a responsibility to be ambassadors, as the *Evening Times* rightly told the hon. Lady. We need a renewed focus on tourism at all levels of government.

The 2014 Commonwealth games provide a great opportunity to sell Glasgow, and they are also clearly a huge boost for economic regeneration through the investment for building various facilities. We should make sure that there are good links—I understand that this is the case—between the teams preparing for 2012 and 2014, but we should also use the expertise of Manchester, which had such a successful Commonwealth games in 2002. Beyond the boundaries of the city, enlightened local authorities surrounding Glasgow have the opportunity to do what some of those surrounding Manchester did in 2002—own the Commonwealth games and use it for economic, educational and cultural benefit by linking up with countries that may want to base their training camps in those parts of the west of Scotland. They could also create much more meaningful links with local school projects and get the whole community involved. Moreover, the 2012 London Olympics and the 2014 Commonwealth games even have the potential to encourage some countries partaking in both games to base their training camp for 2012 in and around Glasgow and to return there in 2014, so there would be a relationship over several years.

This is a Westminster Hall debate, so there is a general spirit of consensus, which has been well noted this morning. I will end, however, on a slight note of discord. The hon. Lady is right that it is essential that the public and private sectors work together and that that can be successful. I take slight issue, however, with the suggestion that we have a low level of debt and that it is not a major problem. The fact that we have more than a trillion pounds of national debt is a threat to economic regeneration. The fact that we are spending £120 million every single day in debt interest almost makes me want to weep, because it makes me think

[Jo Swinson]

about what else that £120 million could be spent on. We can all think of things in our constituencies that would promote regeneration and on which that money could be well spent, but at the moment it is, effectively, just dead money going on debt interest.

In the grand scheme of things, much needs to be done to promote economic regeneration in Glasgow and elsewhere, but I agree that tackling the deficit has to be a key part of that. If we do not do that, we will not have the environment that is essential for confident business growth, which will, ultimately, deliver the further improvements that we all want to see in Glasgow and elsewhere.

10.7 am

Mr William Bain (Glasgow North East) (Lab): It is a pleasure to serve under your chairmanship again, Mr Gale, in this important debate on the Glasgow economy. I congratulate my hon. Friend the Member for Glasgow East (Margaret Curran) on securing the debate and on speaking with the experience of 12 years as a parliamentarian serving Glasgow, both in this House and the Scottish Parliament. She was also a champion for social justice when she was a Minister in a previous Scottish Executive.

It is clear that, prior to the global economic downturn in 2008, Glasgow was on the cusp of a real economic renaissance. Between 1998 and 2008, there were more Glaswegians in work than ever before, while 30,000 jobs were created in business services—a 60% increase—and more than 4,000 new jobs in the financial services sector. Glasgow experienced strong retail growth in that period, with 1,500 shops in the city centre, which even now generate £2.4 billion per year in retail sales turnover. Glasgow also extracts real economic benefit from tourism, as the hon. Member for East Dunbartonshire (Jo Swinson) has said. The current expansion in hotel capacity is key to attracting new events and to the hosting of a successful Commonwealth games in 2014.

Even in recent times, major companies have continued to invest in Glasgow's biggest asset, its people, by announcing major recruitment programmes. In autumn 2010, Vertex, a provider of customer management outsourcing, announced plans to create 368 jobs, while 1,500 new jobs have been announced in the financial sector by Barclays, Santander, esure, Morgan Stanley and Odyssey Financial Technologies. There has also been a 75% increase in the leasing of office space in the city.

I would like to emphasise three points. First, investment in infrastructure is needed if Glasgow is to remain competitive in increasing its output in retail and business services. The particular priorities are upgrading Glasgow's drainage and water catchment system to mitigate flood risks, and improving transport networks. There is an overwhelming case for constructing a high-speed rail network from London through the major English cities to Glasgow and Edinburgh at the earliest opportunity. That is worth £20 billion in economic benefits to both cities. The city council, the business community, the Scottish Council for Development and Industry, and Labour Members are concerned about the lack of momentum by the Department for Transport in initiating the necessary discussions with the Scottish Government on the planning and financial issues involved in the construction of high-speed track in Scotland. I hope that the Financial Secretary and the Secretary of State for Scotland will encourage the Secretary of State for Transport not to leave that essential work in the slow lane. The Scottish Government also need to play a central role in increasing capacity, principally between Glasgow airport and the city centre, through the reinstatement of capital funding for the Glasgow airport rail link, which has—as my hon. Friend pointed out—the potential to create 1,300 jobs in the west of Scotland. A further priority is the upgrade of major roads, such as the completion of the M74, because half of those who work in Glasgow live in constituencies outside the city's boundaries—for example, that of the hon. Member for East Dunbartonshire.

Secondly, more has to be done to tackle Glasgow's historic underperformance in labour productivity, particularly in the service sector. BAK Basel Economics benchmarked Glasgow against a group of 35 European cities, and Glasgow averaged an annual growth rate of 2.3% in productivity from 2000 to 2005, which puts it in the top 10 cities. However, Glasgow lay in 33rd place in relation to measures of labour productivity in 2005, which is relatively low in comparison with other major EU cities. Thirdly, Glasgow's economy needs to diversify in order to take advantage of the expansion in the renewables sector, of our universities as centres of scientific and other research excellence, and of high-value-added manufacturing.

The life science community within the west of Scotland is home to 180 companies, including those in Nova park, Robroyston in my constituency. Those companies range from major pharmaceuticals, to diagnostics, therapeutics, medical devices, contract researchers and manufacturers, all of which jointly employ more than 80,000 people. However, continued business support from the Government is required to ensure that they flourish in the coming decade.

Glasgow is home to a quarter of the west of Scotland's core energy sector businesses and many other energy sector supporting businesses. Research undertaken by the sustainable Glasgow initiative found that Glasgow currently emits around 4 million tonnes of CO_2 per annum, which is linked to its energy use. The initiative proposes a series of measures to reduce those carbon emissions, such as renewable energy systems, fuel switching and energy management systems.

Ann McKechin (Glasgow North) (Lab): I am speaking as a Glasgow constituency Member rather than as an Opposition Front Bencher. I very much welcome what my hon. Friend has said. Does he agree that Glasgow is a perfect location for the new green investment bank proposed by the Government, given its track record not only in financial services, but in innovation and in having a connection with the renewable energy sector?

Mr Bain: I am most grateful for that intervention. As on so many other matters, my hon. Friend anticipates the argument I was about to advance. She has pointed out why it is particularly regrettable that the creation of the green investment bank, which could kick-start many renewable energy projects in Glasgow, has been caught up in a game of Whitehall pass the parcel. As

the Secretary of State for Business, Innovation and Skills revealed last week, plans for capitalisation are unlikely to be published before May at the earliest. It is still uncertain whether the green investment bank will have sufficient operational independence from the Treasury, and there is a wider need for capital for new innovatory business start-ups. In addition, there is a strong argument for investigating the case for a wider British investment bank.

The city council has identified low pay as an area requiring urgent attention. In 2006, the average Glaswegian earned 2% less than the UK average, but thanks to the adoption of a living wage policy—first of £7 an hour, but rising to £7.15 an hour this year—by 150 businesses that employ 50,000 people in Glasgow, average earnings are now 3% above the UK average.

It would not be fair to leave out the records of the Scottish and UK Governments in recent months on assisting Glasgow in developing a strategy for growth. I regret to say that Glasgow has not been particularly well served by either Government. The city council experienced a cut in funding of 3.6% from the Scottish Government, which was 1% more than previously indicated and is the worst financial settlement since 2007. Despite that, the city council has made job creation, particularly for young people, a priority. It has invested in the Commonwealth apprenticeship initiative, through which 241 companies took on 600 apprentices last year, and the Commonwealth jobs fund, which aims to create 1,000 jobs for young unemployed people across Glasgow through a £6,500 subsidy per job. That is open to every private and third-sector employer in the city.

However, it is clear that, at a UK level, the cut in capital and investment allowances is affecting manufacturing exporters and harming Glasgow business. The UK Government's failure to continue the future jobs fund beyond the spring and the revelations this morning that fewer people will proceed through the Government's work programme than under the initiatives of the previous Government add to concerns that the hard-earned progress on employment levels of the past 13 years will slip backwards. As my hon. Friend the Member for Glasgow East intimated in her remarks, incomes will also be damaged by the Government's proposals on housing benefit, which it has been estimated will cost £10 million to £12 million a year in lost spending capacity by the poorest families and individuals in the city.

The Glasgow economy has the potential for continued growth in existing and new areas in the next decade, but it will require Government at all levels to exhibit a sustained and credible strategy for growth, rather than simply a plan for an over-hasty fiscal retrenchment that may cost jobs and damage Glasgow's competitiveness.

10.17 am

Anas Sarwar (Glasgow Central) (Lab): I join my colleagues in congratulating my hon. Friend the Member for Glasgow East (Margaret Curran) on securing the debate. During 12 years as an elected Member of both this House and the Scottish Parliament, she has demonstrated her commitment to the city of Glasgow. I am delighted to stand side by side with her and every other Glasgow Member of Parliament to say that our first priority is and always will be to stand up for the great city of Glasgow, which we are all proud to be from and serve.

From the outset, it is important to recognise the huge amount of regeneration that has taken place in the city of Glasgow over the past 13 years. Within my constituency, we have seen tremendous regeneration next to the Clyde, involving the media Hub, the BBC, ITV, the Scottish Exhibition and Conference Centre development, the Clyde auditorium and the science centre. I am pleased to say that all that development is happening within my constituency. There has also been tremendous development in the city centre. Sauchiehall street and Buchanan street have the second highest footfall of any UK city centre, second only to Oxford street in London. There has also been a huge amount of housing regeneration right across the city. However, sadly, that has stalled through the recession and as a result of these difficult times.

As the hon. Member for East Dunbartonshire (Jo Swinson) rightly pointed out, the 2014 Commonwealth games will provide a great opportunity to sell Glasgow not only nationally but globally, and will bring opportunity for the east end of the city. It is important to recognise that Glasgow has had a tumultuous economic history, and that the growth and development seen in recent years is extremely fragile, particularly in such a tough economic climate. All hon. Members present today understand that regeneration is driven by economic growth, be it a particular area or the nation as a whole. The regeneration that Glasgow enjoyed under 13 years of a Labour Government is at threat at its roots as a result of inaction from the Scottish Government and a new UK Government policy. However, as with all development and regeneration, cutting off support too early means cutting the lifeline to projects, which will end before they have begun, squandering the initial investment and leaving communities back where they started.

Therefore, in spite of the current climate, it is important that we ask the Government to remember fragile areas such as Glasgow when they make cuts and choose where to invest. That includes cuts to initiatives such as employment zones, and investment in projects such as high-speed rail. The people of Glasgow have been forgotten in the past, when the closure of the shipyards left generations unemployed, and I hope this debate will help to ensure that Glasgow is not forgotten again.

It is important to remember that regeneration is not only about the physical development of new areas through Government and developers investing large amounts of capital, but giving renewed energy to existing systems and supporting the local economy and local people, so that Glasgow can regenerate itself from within. One way that the previous Government began to achieve that was by supporting unemployed people back into work—an essential step to bring growth back into deprived areas is to increase employment.

Despite investment in Glasgow in the last decade, which has improved prospects for thousands of people, the city still has one of the highest unemployment rates in Scotland and has been hit hard by the recession. The announcement by the Government that they will scrap the future jobs fund, which created more than 1,100 jobs for Glasgow and 15,500 jobs across Scotland, is devastating. The Government insist that their replacement back to work programme—when it eventually appears—will provide a more effective system for getting people back to work. However, in the news just yesterday, we heard that the

[Anas Sarwar]

number of people expected to benefit from the scheme in 2012-13 will be down by almost 300,000 on the number who benefited from the previous Government's programme nationwide.

Labour's employment zones, which were due to be scrapped six months before the new work programme, were also of great benefit to the city of Glasgow. I am pleased that the Government have done a U-turn on scrapping them six months before the new work programme had begun. It is a shame that it took Labour party pressure from the Opposition Benches and Glasgow Labour MPs having to fight with the Government to make them do that U-turn. The Government should have seen sense in the first place.

We have to recognise that with regeneration and unemployment, one size does not fit all. The Government need to demonstrate that they are paying attention to areas with serious long-term unemployment problems through plans to provide focused support to get people in those areas back to work, particularly given their plan to penalise the long-term unemployed with policies such as a 10% cut in their housing benefit.

Poverty and a lack of opportunity are huge problems in my constituency, and the cuts to regeneration projects such as the Glasgow airport rail link and the Clyde Gateway, coupled with cuts in employment programmes, only threaten to compound the situation. It is important to recognise that the people are willing to work, but jobs must be available for them to fill. It is the growth of Scottish business that will ultimately drive the creation of the economy that Glasgow requires to regenerate itself. Therefore, in addition to supporting work programmes and investing capital in Glasgow itself, the Government must be mindful of longer-term policy decisions that will affect Glasgow's independent growth. That includes supporting Glasgow's growing sectors and ensuring that it remains well connected.

The Glasgow to Edinburgh improvement project will go a long way toward supporting Glasgow's growth by improving connectivity between the two cities, reducing travel times and costs to businesses, and creating one central hub. Although strengthening Scotland's internal links is important, Glasgow will struggle to present itself as a viable place for start-ups, or to maintain a good environment for growth, if it is not adequately connected to the rest of the UK. The Scottish market alone is not large enough to support very large businesses, particularly those in manufacturing, and international businesses will require strong links with London and the rest of the UK market before they will be attracted to settling in Glasgow. That is why it is such a concern that the plans for High Speed 2 do not currently include an extension to Scotland. Under the present proposals, journey times between London and Glasgow will be reduced by only half an hour if High Speed 2 terminates in Manchester. With current proposals planned for completion as far off as 2025, that prompts the question of how long Glasgow, and indeed the rest of Scotland, will have to wait before they benefit from an adequate rail connection to the rest of the UK.

Britain is already behind our European counterparts in providing proper high-speed connections—the French TGV began operating more than 25 years ago. Scotland's growth will be actively disadvantaged if there is not even a longer-term plan to link Scotland with the rest of Europe. When we add to that the recent announcement that British Midlands International is to stop its Glasgow to London service, we can understand the deep concerns the Scottish business community will have when it finds competing in the international market increasingly challenging. Both Glasgow and Edinburgh city councils have come together on this. I can assure you, Mr Gale, that Glasgow and Edinburgh do not come together on many issues, but they have on high-speed rail. Independent research conducted for both councils has shown that a high-speed link could be worth up to £7 billion to the Scottish economy. What Glasgow needs in order to grow is a long-term commitment from the Government that high-speed rail for Scotland is a top priority, and that they will endeavour to make it happen at the same time it happens for the north of England.

Glasgow is a vibrant city and a great place to live, and I wholeheartedly believe that it will continue to grow if we can create opportunities for the people living there. There is no real reason why, given the right support, Glasgow cannot become an economic hub in its own right and help to drive growth for the rest of Scotland. What Glasgow needs is continued commitment from the Government to ensure that those opportunities will begin to appear, and evidence to show that Glasgow has not been forgotten, as it sadly was in the past.

10.25 am

Mr David Hanson (Delyn) (Lab): It is a pleasure to serve under your chairmanship, Mr Gale. I begin by congratulating my hon. Friend the Member for Glasgow East (Margaret Curran) on securing this debate, which is of crucial importance not only to Glasgow and to those who have a concern about and an interest in Scotland, but to the wider UK economy. I am pleased that she has been supported today by my hon. Friends the Members for Glasgow Central (Anas Sarwar), for Glasgow North East (Mr Bain) and for Rutherglen and Hamilton West (Tom Greatrex) and by my hon. Friend the Member for Glasgow North (Ann McKechin), the shadow Secretary of State for Scotland, who is speaking in a personal capacity today. I also very much welcome the contribution from the hon. Member for East Dunbartonshire (Jo Swinson).

What struck me about the debate is that my hon. Friends have made an important case that is applicable not only to Glasgow, but to many other parts of the UK. The key to economic growth and the success of local economies is partnership. It is about not only what government, the voluntary sector or individual entrepreneurial spirit can do, but the partnership that brings those things together. My hon. Friends have discussed national UK Government investment in Scotland, economic projects that link Scotland to other parts of the United Kingdom, the clear benefit that public expenditure brings to Scotland and how such public expenditure relates to the private and voluntary sectors and to the social progress of people who live and work in the great city of Glasgow and the surrounding community.

My hon. Friend the Member for Glasgow East began by pointing out that Scotland has a great manufacturing, cultural and social history, including shipbuilding, the automotive industry and football—one of Glasgow's great exports is Kenny Dalglish, who has brought great

success to my part of the world. The key point is that that manufacturing history and support is where we need to build that partnership for the future. What I have taken from the debate is the issue of partnership. Secondly—my hon. Friends have touched on this, and I shall return to it—a strategy for growth is needed that involves the public sector, looks at key infrastructure projects and helps to develop the voluntary and private sectors. There is also a need—this is key to where the Government are currently failing—for that strategy, that partnership, that development, and that active government to focus on social fairness. Even at a time when there are challenges with the deficit, which we have all recognised, the way in which the Government implement their deficit reduction strategy can, as my hon. Friends have touched on, damage social fairness and the social fabric of our communities.

That is particularly important because—I do not yet have the figures for Scotland—unemployment in the United Kingdom rose by 44,000 in the last month to 2.5 million people. Particularly worrying is the rise of 66,000 in youth unemployment, which has now risen to 965,000 people between the ages of 16 and 24, which makes a total unemployment rate of 7.9%. When the Labour Government left office in May last year, unemployment was starting to fall and there were signs of growth after a difficult period. Sadly, I have to report that unemployment will undoubtedly hit the city of Glasgow, as it will elsewhere in the United Kingdom.

My hon. Friends made the case that the Minister has to explain key policies that he has promulgated in the House and now has to follow. Those policies are having and will have a severe impact on Glasgow's economy. We need to challenge them, as my hon. Friend the Member for Glasgow East has by securing this debate, and look at alternatives. We must ensure that however we tackle the deficit, which we need to do in part—the Minister knows that when I was a Labour Minister in the Home Office, the Department had plans to make £1.5 billion of savings, so it was something that we were planning to do. However, the scale, pace, depth and front-loading of this Government's cuts are severely damaging communities in Glasgow and other parts of the UK.

The budgets for the devolved Administrations—this is key to my area, Wales—show that the capital budget, which impacts on housing, education and infrastructure in Glasgow and elsewhere, is being cut by the Government, and in Scotland that process is being supported by the unfair application of the cuts by the Scottish National party-led Government. The £3.4 billion of capital spending in 2010-11 that was planned by the Labour Government will be cut by this Government to £2.3 billion of capital spending in 2014-15. The cut is from £3.4 billion this year to £2.5 billion in 2011-12, which makes a £900 million cut in the capital programme.

My hon. Friend mentioned that her constituency has had no investment in schools thanks to the SNP Government in Scotland and that it faces difficult challenges in respect of housing and infrastructure. Those issues will be magnified tremendously by this Government's £900 million cut to the Scottish Executive's budget. Again, there are ways in which we can tackle deficit reduction, but that level of drop front-loaded in the first year will hit Glasgow and other parts of the UK extremely hard. The £900 million cut for Scotland will mean that the private sector, which is so dependent on recovery in Scotland, will suffer. It will be hit by not being able to create the jobs that would have met some of that capital expenditure demand. My hon. Friend pointed to real challenges in her contribution and was supported by other hon. Friends. The Minister needs to recognise that the front-loading will cause real difficulty. The cuts, which are too quick, will exacerbate unemployment, as we have seen with the rise today.

I am sorry that there is no one here from the SNP, but I do not wish to intrude on private grief. I represent a constituency in Wales. The nationalists in Wales, to give them their due, would have been here to argue their case if the debate had been on the economy of Cardiff or Swansea. I am sorry that we have not had a contribution from SNP MPs. They might have explained how they would implement the draconian cuts at a local level. Perhaps that is something that we will return to at a later date, perhaps even outside this Chamber. My hon. Friend may wish to raise this issue elsewhere and discuss the SNP's lack of interest in this debate and in Glasgow.

The capital cuts and, indeed, the revenue cut, which, cumulatively, is a 7% reduction in real terms in the resource budgets of the Scottish Parliament, will impact heavily on the ability of Glasgow to weather what is still a difficult period coming out of a recession which, as my hon. Friend said, was not the fault of the people of Glasgow East, yet they are the very people who will have to bear the real hardships caused by public sector reductions and the Government's social policies. The rise in VAT and cuts to housing benefit will be extremely difficult. The unfairness of those changes hit hardest the poorest people in Glasgow, whom my hon. Friend has represented for 12 years here and in the Scottish Parliament.

There are some good news stories which should not be forgotten in this debate. Hon. Friends from both sides of the Clyde have mentioned the Clyde Gateway project and the importance of progressing it. I want to support them from the Opposition Front Bench in their endeavours to influence not only the Scottish Executive but the Westminster Government to ensure that it is a success. The project embodies the partnership that my hon. Friends have discussed today. It has the potential to develop large areas of the east end of Glasgow plus Rutherglen and Shawfield in South Lanarkshire. It involves investment of more than £62 million between 2008 and 2011, with Scottish Enterprise hopefully bringing forward £42 million to 2016. It will lever in private sector investment of up to £1.5 billion for private development, which will create jobs and homes.

The project is symptomatic of why the Government's approach to public spending is so wrong. The Clyde Gateway scheme shows that public-private partnership can create jobs, homes and social progress. It is not a one-size-fits-all scheme, in which the public sector appears to be the devil to all other aspects of society. The Government are committed to reducing the public sector, not only to reduce the deficit but because they do not like public spending and public investment as a whole.

I hope that the Minister will endorse and support the Clyde Gateway scheme, that the UK Government will give it succour, and that that will also apply to the 2014 Commonwealth games. As my hon. Friends have said, the games will be a key economic generator and will put the spotlight on Glasgow's tourism potential. They will

[Mr David Hanson]

be a showcase for the great skills of the people of Glasgow and for the city's great attributes. They will involve £1 billion of investment in infrastructure, 1,000 additional jobs and 15,000 volunteers—the big society will be alive in Glasgow, irrespective of any Conservative party initiatives, which mean, in effect, a small state. I hope that the Minister will touch on that proposal today, recognise that it will result in economic growth and development in Glasgow, and support it.

Despite those positives, the Government's policies on public spending and also on social issues will damage the economy of Glasgow. My hon. Friend the Member for Glasgow East picked up on various points. Linking local housing allowance to the consumer prices index will result in lower income for people locally. The cut to housing benefit ignores the fact that, in an area with rising unemployment, long-term unemployed people who are trying their best to find work, who are going to interviews and sending out applications and who are turning up at the Jobcentre but are still unable to secure employment will face a reduction in their income.

My hon. Friend knows that if the people of Glasgow East find that they are unemployed and that their housing benefit has been cut, the money that they lose will not be spent in Glasgow. They will not be spending in local shops, supporting the local economy and voluntary organisations, or creating local jobs with that resource in the east end of Glasgow. We add poverty to poverty by taking unfair cuts forward.

Glasgow has a younger population compared with the rest of Scotland, and, sadly, youth unemployment will disproportionately hit that area hardest. The future jobs fund has been mentioned. It had the potential to create 200,000 full-time, paid jobs for young people up and down the country, and Glasgow would have had its share. There will be real problems in the future because of that cut.

I was pleased that my hon. Friend the Member for Glasgow North East mentioned the living wage campaign. That is a big society issue: companies, voluntary organisations and the council are agreeing to pay a living wage and working together because they recognise, without the Government telling them to be part of a big society, that they have a partnership interest in the future of Glasgow. Many of the challenges are self-evident, but the Government are adding to them by front-loading public expenditure cuts too fast and too deep. However, Glasgow has real positives for future growth, such as the Commonwealth games and the Clyde Gateway, which we should celebrate on a UK basis.

Another issue that has been mentioned today is tourism. I was struck by the strong representations to extend the high-speed rail link along the west coast main line from the current proposal, which would run from London to the west midlands and through to Manchester. I use that London to Glasgow main line, because I get off at Crewe and go west. There is an argument for looking at such investment over the long term, to ensure that we enhance the high-speed link.

My hon. Friends pleaded for serious consideration of developing new industries in Glasgow and made a strong case for the green investment bank to be placed in the city, growing the financial services sector not only in Edinburgh but in Glasgow. The growth and development of renewable energy projects, with the support that the UK Government can give, are real and positive things.

My hon. Friends and I came to the debate with severe criticisms of Government policy. While needing to tackle the deficit, the Government have gone too far, too fast. However, we can work with the UK Government on some real positives, as well as with the Scottish Executive which, hopefully, will be under the control of the Labour party after May this year. We could build on the strengths and the will of the people of Glasgow to develop their own future by attracting new businesses and visitors, and by ensuring that the success of the Commonwealth games showcases that great city to the rest of the United Kingdom.

I am grateful for the opportunity provided by today's debate, which is the first that my hon. Friend the Member for Glasgow East has secured in Westminster Hall; I hope that it will be a success. I look forward to the Minister defending his draconian cuts but also, I hope, working with my colleagues to ensure that he can mitigate those cuts and develop a strategy for growth for Glasgow into the future.

10.42 am

The Financial Secretary to the Treasury (Mr Mark Hoban): I congratulate the hon. Member for Glasgow East (Margaret Curran) on securing the debate. She struck me as passionate about her city, its people and their prospects. I commend that, and it will serve her well in this place.

I have to disappoint the hon. Member for Rutherglen and Hamilton West (Tom Greatrex), but I am not sure that I need much of a history or geography lesson about the city. I have visited Glasgow quite frequently, I have met businesses in Glasgow and I am going to Edinburgh next month. *[Interruption.]* I know there is some fraternal rivalry between the cities, but the hon. Member for Edinburgh East (Sheila Gilmore) is in her place representing Edinburgh and ensuring that the Glaswegians do not get everything their own way. I understand some of the challenges in the Scottish economy. Having been born and brought up in the north-east, I recognise from my own region some of the trends referred to by the hon. Members, such as the decline in shipbuilding, or in coal mining, as mentioned by the hon. Gentleman. I see strong parallels.

I congratulate other right hon. and hon. Members, including my hon. Friend the Member for East Dunbartonshire (Jo Swinson), on participating in the debate and making the case for their constituencies.

Before I turn to the main text of my contribution, let me deal with four areas mentioned by a range of speakers. First, it is vital for Glasgow to use the Commonwealth games as an opportunity for economic development. I note the job creation initiatives around the games. Some lessons could be learnt from the London Olympics, not only in the regeneration provided for east London but in how the games are a focal point for businesses to promote the benefits of London as a place of inward investment. I encourage people in Glasgow to work closely with the Olympic authorities in London to understand the opportunity to attract inward investment and to raise the profile of the city.

The Clyde Gateway, as with the spending for the Commonwealth games, is a devolved matter, for prioritisation by the Scottish Government, but I am sure that Scottish Enterprise will have heard the strong messages from this morning's debate. However, if MPs and others from Glasgow wish to see funding devoted to that project, they must place pressure on the Scottish authorities.

I will raise with my right hon. Friend the Secretary of State for Transport the issues about the completion of High Speed 2, which affects a number of areas of the country not covered by the current route, such as the northern part of England as well as Scotland. I will ensure that he is aware of the concerns expressed.

On the green investment bank, I am afraid that Glasgow will have to join the queue of bidders for the headquarters. A number of parts of the country have made representations through their Members for the site of the headquarters. Green investment is a huge opportunity for economic growth and development. Existing skills in local communities or in the universities serving those areas can be used to promote renewable energy and green industries. The issue affects all parts of the country but, at the time of the Budget, my right hon. Friend the Chancellor of the Exchequer said that at least £250 million from the green investment bank will be spent in Scotland. We have not lost sight of the important role such investment can play in stimulating economic growth.

As pointed out by the hon. Member for Glasgow East, Glasgow was at the forefront of the industrial revolution and it remains one of the most important and innovative cities in the UK. It is Scotland's largest urban economy, generating £13 billion gross value added each year and supporting 400,000 jobs. As we heard, the jobs are enjoyed by those living not only in Glasgow but in the surrounding areas, as part of the economy of the west of Scotland.

We want to work in partnership with the Scottish Government to promote our shared objective of increasing economic prosperity for all in Scotland and Glasgow. As mentioned, economic regeneration policies are largely a matter for the Scottish Government and their local authorities and agencies, which was evidenced by the criticism made by the hon. Lady of the Scottish National party Government. I am sure she will take every opportunity over the coming weeks to remind SNP Members of that and to question their non-attendance today.

Setting out the Government's economic strategy and its impact on Scotland—in particular, Glasgow—will be helpful. We set out three strands last year: first, to reduce the deficit inherited from the previous Government; secondly, to increase economic growth, including by rebalancing the economy throughout all the countries and regions of the UK; and, thirdly, to promote fairness for all.

As my hon. Friend the Member for East Dunbartonshire rightly pointed out, we have a deficit to tackle and we are spending £120 million on interest every day—we spend more in interest than we do on schools. Clearly, we need to resolve that issue if we are to support economic growth, keep interest rates low and protect jobs in all parts of the UK.

The reality that the right hon. Member for Delyn (Mr Hanson) keeps trying to escape from—he and I have had many debates on such issues—is that the previous Government set out cuts starting from April this year that would have been only £2 billion less than the cuts we have outlined. When he talks about front-loading, he ought to think about the previous Government's plans and acknowledge that the cuts this year are only £2 billion more than in the plans we inherited. All parts of the UK, including Scotland, must bear their share of the deficit reduction made necessary by what we inherited from the previous Government.

Funding for the Scottish Government in the spending review reflects the Government's commitment to invest in infrastructure and to ensure that conditions for growth are in place throughout the UK. The spending review increased capital funding in the UK by £2 billion compared with June's Budget plans, which is more than what the previous Government had set out as their capital plans for the new Parliament. I repeat, the right hon. Gentleman must be careful what he criticises: we have been more generous in our capital settlement than his Government had intended. We are keen to ensure that capital expenditure is used to protect projects with high, long-term economic value and that spending is focused on investment promoting economic growth, including in transport, science, regional growth, digital infrastructure and supporting the low-carbon economy. Glasgow MPs need to challenge the Scottish Government on how they will prioritise their budgets to deliver those objectives. These are devolved matters, and the Scottish Government are accountable for the priorities they set and how they respond to the needs of Scotland.

Margaret Curran: I take the point about devolved matters, and we do pursue those. Housing benefit, however, is a reserved matter. Will the Minister confirm whether the Government are going ahead with the 10% cut in housing benefit after a year to those receiving jobseeker's allowance?

Mr Hoban: I will return to the issue of housing benefit in a moment. Let us be clear: the Scottish Government have not suffered disproportionate cuts. Funding has been determined by the Barnett formula in the usual way. The percentage of Scottish Government total reduction in departmental expenditure limits for 2014-15 is below the UK average—they are getting a better spending settlement than the rest of the UK. Public spending per head in Scotland is substantially above the UK average and is expected to remain so over the spending review period. The Scottish Government have benefited from substantial increases in spending since devolution.

If we are to promote strong and sustainable economic growth that is evenly shared across the country and between industries, we need to tackle the debt and deficit that we inherited. The Government are inviting businesses to take part in a fundamental review into what each area of Government is doing to address the barriers facing industry. They have already acted to remove barriers to growth, and the growth review announced last year set in train an intensive programme of work to drive forward action on the Government's priority areas. That relentless focus on growth will continue to form the basis of the Government's agenda for the rest of this Parliament. We started by focusing on planning, trade and inward investment, competition, regulation, access to finance and corporate governance.

[Mr Hoban]

The review will look at all sectors of the economy, but we have first identified six key sectors: advanced manufacturing; digital and creative industries; business and professional services; retail; construction; and health care and life sciences. Manufacturing is a strong part of the Scottish economy, and it has seen six consecutive quarters of growth. That is a helpful sign of the rebalancing of the economy.

As the Financial Secretary to the Treasury, financial services is my specialist topic, and the importance of financial services to Glasgow has been mentioned a couple of times during the debate. In 2009, I visited National Australia Bank at the Clydesdale branch in Glasgow and spoke to management and businesses from the west of Scotland. The financial sector is one of the most significant contributors to UK GDP and employment, and although London is the heart of that industry, there are important financial centres across the country, including in Glasgow. Financial services firms in Scotland account for 9% of total UK employment in the sector.

Financial services is one of the biggest employers in Glasgow. In 2008, 95,000 people were employed in financial services firms in Scotland, and many of those jobs were based in Glasgow. Major local employers include National Australia Group, which I referred to earlier, and Lloyds Banking Group. I know that Glasgow has recognised the potential role that financial services can play in a growing economy. The £750 million joint public-private venture investment in the international financial services district could bring an extra 20,000 jobs to the city.

We often think of the strong tradition of businesses that are based in Scotland, but we should not lose sight of the fact that many international financial services that we associate with Canary Wharf and the City have significant operations outside London. Morgan Stanley is in Glasgow, as are Deutsche Bank and Citibank. Those global businesses chose to locate some of their operations to Glasgow, which shows that the benefit of having London as a global financial services centre spreads beyond the boundaries of the square mile. We are doing as much as we can to ensure that the UK remains an attractive and competitive place for financial services to do business.

As well as measures for the financial services sector, we must ensure that the UK is a good place for inward investment. In the Budget we announced plans to reduce the rate of corporation tax from 28% to 24% over the next four years. We published a corporate tax road map that set out a significant programme of corporate tax reforms designed to restore the UK's tax competitiveness, including reform of the controlled foreign company regime. The Government are responding to business concerns about the instability and unpredictability of the UK tax system while taking action where they can to improve the UK's competitiveness. We will work with our partners in the Scottish Government and elsewhere to ensure that Scotland is an attractive place in which to do business.

Increasing fairness is a strand of our work, and that point was touched on by a number of hon. Members. We must be clear about the important reforms to welfare set out by the Government. I recognise that there is a degree of support for those reforms from Labour party Members, but we clearly need to improve work incentives and get more people into work. Too many people must make a decision about whether they can afford to go to work, or whether the system means that they are trapped on benefits. That is why my right hon. Friend the Secretary of State for Work and Pensions is setting out plans for the universal benefit, which will be introduced from 2016. It means that for new claimants, it will always be better to be in work than on benefits. That sends a positive signal that people should take employment opportunities and will be better off if they do. That is not just economically better off—significant social benefits flow from people being in work.

The future jobs fund was mentioned by a number of hon. Members, and it is a convenient soundbite to say that the fund has been scrapped. We should all recognise, however, that many of the jobs that were funded were temporary and many were in the public sector and did not represent good value for money. That is why we are bringing forward the Work programme that will strengthen support for those seeking to get into work.

The hon. Lady mentioned housing benefit. She will recognise—as do a number of her colleagues—that the bill for housing benefit increased significantly under the previous Government. There are some anomalies in how the system works and the way that it distorts incentives. That is why it is important to restructure housing benefit and engage in reforms. We recognise the challenges that that will create, which is why additional money has been set aside to help manage the transition.

The hon. Lady also spoke about defence and shipbuilding. She will know that some of the work on the new aircraft carriers is being done on the River Clyde, just as some is being done in Portsmouth just outside my constituency in the Vosper Thornycroft yard. The Astute class submarines will also be based in Scotland and there is a great deal of support for Glasgow from central Government. However, if we are to achieve the great goals of this Government to rebalance the economy, spread wealth and prosperity, create jobs and ensure that prosperity continues across the nation, not just in London and the greater south-east, difficult decisions have to be made. We must tackle the deficit and find ways to remove some of the barriers to growth in the UK. That is why the Government are committed to the growth review and to ensuring that we do as much as possible to remove the barriers to economic growth.

Having claimed part of Merseyside and north Wales, the right hon. Member for Delyn (Mr Hanson) spoke about the importance of partnership. It is important to recognise the way that Scottish local authorities have worked with the private sector on a number of initiatives to support economic growth. We need to see more such partnerships but we must also tackle some of the underlying issues that we inherited from the previous Government, including the deficit and the national debt. Alongside tackling those things, we must lay the foundations for increased prosperity across the whole United Kingdom.

Infrastructure Planning Commission

10.59 am

Nadine Dorries (Mid Bedfordshire) (Con): It is a pleasure to see you in the Chair again, Mr Gale. The Infrastructure Planning Commission is examining an application from an American waste company by the name of Covanta to build an incinerator masquerading as an energy-from-waste plant in my constituency. Each year, it will burn 585,000 tonnes of waste, which will be sourced from Bedfordshire, Buckinghamshire, Hertfordshire, Cambridgeshire and, frankly, anywhere in the country that will feed the incinerator. On the basis that what goes up must come down, it will do so on my constituents. We do not buy the argument that the fly ash and the emissions from the incinerator's chimneys will be completely harmless, because the particles are too small to measure in the atmosphere. As it is too difficult to capture and measure the particles, it is not possible to say that what will be emitted from the incinerator will be harmless.

Not surprisingly, the proposal has met with furious opposition in my constituency. Constituents, campaign groups, local authorities and 24 town and parish councils—I can assure people that it is no mean feat for 24 town and parish councils to work together on one issue—are all burning the midnight oil preparing written submissions urging the IPC to reject this diabolical application for an incinerator.

The examination will run until 15 July and the IPC should reach its decision by 15 October. Before the IPC process existed, there would normally have been public examination, with cross-examination of witnesses. My constituents would have had the opportunity to express and make known their views, probably via a public inquiry. The Secretary of State used to take the final decision after having all the information in front of them and did not have to accept the recommendations made by the planning inquiry or the inspector, provided that they gave good reason. However, the previous Government's Stalinist approach to that democratic process was the Planning Act 2008, which transferred the final decision to a new independent body—the Infrastructure Planning Commission.

Evidence is considered by the IPC primarily in writing, unless it chooses to hold an oral evidence session. Note the word "chooses". The IPC chooses, not local people. Legally, the Secretary of State has no opportunity whatever to overturn the IPC's decision. The IPC makes its decisions mainly on the basis of the relevant national policy statement. These statements are open to public consultation and to consideration by Select Committees before approval by the Secretary of State.

Mr Lee Scott (Ilford North) (Con): I congratulate my hon. Friend on securing the debate. Does she agree that wider issues are at stake? Not only on incinerators but on a number of different planning applications, it is vital that local people feel engaged and have had their say. Whatever the outcome might be, at least they have had their say and put their case. Does my hon. Friend agree that that is vital?

Nadine Dorries: Absolutely. I will go into more detail about how undemocratic the IPC process is and how local people are completely excluded from the decision-making process for major infrastructure, whether that involves hospitals or whatever else being built in their area.

The national policy statements are open to public consultation. While still in draft form and before the relevant national policy statement has been designated by the Secretary of State, the IPC can still consider the evidence, but the Secretary of State will make the final decision. To date, the national policy statement remains in draft form. The Select Committee on Energy and Climate Change, of which I am a former member, has published its report on the six revised national policy statements. It has made 18 recommendations, the more important of which is about the timing of the statements. The Committee calls for the national policy statements not to be designated until the Localism Bill has been enacted, the abolition of the IPC has occurred and the national planning policy framework and national infrastructure plan are operational and harmonised with the electricity market reform process.

The IPC has published the following statements:

"If the NPSs which apply to a proposal are adopted before the point of decision making on a project, the IPC will make the decision.

If the relevant NPSs have not been adopted at the point of decision making on a project, the IPC will make a recommendation to the Secretary of State".

I say to my right hon. Friend the Minister that this is a fundamental question. Given that the IPC hopes to conclude its own consultation by July and make a decision in October, will he please inform us on which date the national policy statements will be designated?

To date, my constituents have been forced into Kafkaesque engagement with a body that is to be abolished, with no certainty about whether the national policy statement guiding the IPC examination will be altered once the deadline for written submissions has passed. If the national policy statements are altered and designated after the existing public consultation period has passed, will the Minister agree that my constituents, after having digested a 7,400-page document, will have provided their submissions on the basis of documents that are no longer relevant and therefore the IPC process relating to the Covanta incinerator in my constituency must be abolished—scrapped—and begun again on the basis of the relevant designated documents? How can a process of public consultation exist if the information constituents are given is no longer relevant by the time the IPC makes its decision? My constituents will have been providing consultation responses based on one set of rules and the IPC will be making its decision based on another, which will enable the IPC to disregard completely the public consultation as it will no longer be relevant when the IPC makes its decision.

The consultation process as run by the IPC has been woeful and undemocratic. Either the Government are wide-eyed localist or they are not. The IPC is not and is at odds with present Government policy. On Monday 17 January, at 10 o'clock on a cold morning in Bedford, the IPC held a public hearing—nowhere near the community where the facility is to be placed. Guidance was given to my constituents not to instruct lawyers and not to take legal advice. However, when my constituents arrived at the public hearing, they found that both the local authorities and the IPC had brought their team of lawyers along with them. The atmosphere was, to say

[Nadine Dorries]

the least, intimidating as lawyers played legal ping-pong with one another. Only the bravest of my constituents felt able to stand up and contribute. They had been told before the hearing took place the issues they were not allowed to discuss. One of those was noise, which is actually one of the biggest considerations for my constituents.

John McDonnell (Hayes and Harlington) (Lab): The hon. Lady's party and I opposed this whole process under the last Government. It is being played out exactly as we predicted—undemocratically; not taking into account local people's views. Does she agree that whatever system is put in place, and whatever the policy statements or framework, it must take into account local views but must also be accountable to and amendable by Parliament?

Nadine Dorries: I completely agree. I hope that when the IPC is abolished—the present Government have committed to abolishing it and bringing the functions in-house—the fact that the Secretary of State will have the final decision and that, hopefully, we will go back to the previous system of public engagement and inquiries means there will at least be a more democratic process. Of course, that will need to be discussed in Parliament, and I hope we will take a vote on it.

To return to that cold Monday morning in Bedford, only the bravest of my constituents, as I said, stood up to speak at the meeting. All left it feeling that they had not really had an opportunity to express their concerns about the proposal.

The application document my constituents had to plough through to submit objections was 7,400 pages long and was available online, so those who were not computer literate and did not have access to a computer were disadvantaged. There were a limited number of hard copies, but people had to pay hundreds of pounds for them and they were available only at certain locations. How is that democratic? The people who wanted to respond to the documents could not even get hold of them. Furthermore, constituents' initial representations were limited to 500 words, but the document they were responding to was 7,400 pages long. Why is that? How can that be democratic?

Only a limited number of hard-copy registration forms were available to those who did not have access to a computer. People had to complete those forms to inform the IPC that they were going to object to or, indeed, support the proposals, although I imagine that most people wanted to object. Given the limited number of forms, however, those who wanted to let the IPC know that they were going to object could not even do that.

Those who made a submission online met a barrage of problems. For example, the registration process had a cut-off date. Once that date had passed, some people received e-mails telling them that they had not ticked a particular box on the very detailed form and that they had to resubmit the form, but the submission date had passed. It seemed that lots of tricks were employed to minimise the number of objections so that the IPC and Covanta could say that there was not that much public opposition.

The IPC timetable is very inflexible, short and tight. That is why people missed the registration point. If the timetable had not been so tight and inflexible, there might have been room for adjustments and amendments where people had, for example, made errors with e-mails, but there was absolutely none—everything was played according to the IPC's rules, with absolutely no consideration given to the difficulties local people might have in engaging with this complicated and bureaucratic process.

An unelected official in the IPC or the Department for Communities and Local Government should not take a decision to impose a major infrastructure project on a local community when almost every man, woman and child is against it. The only representation those people have is via their elected representatives.

If, despite the objections of local people, the Government believe that it is vital in the national interest for an application to be approved, that judgment should be the responsibility of the Secretary of State in the relevant Department, and it should be reached only after a thorough examination of local people's wishes. There should be a thorough examination of the application, and people should have the opportunity to attend meetings and make their feelings known. Of course, people in my constituency may absolutely support the current project, but I do not think that that is the case. The Secretary of State should halt the IPC process using the powers in the Planning Act, so that all participants can contribute to the process and so that a clear decision can be made.

The process of finalising the national policy statements, on which the IPC would base a decision, will prejudice the application if it is carried out at the same time as the application is being considered. A legal process cannot be deemed reasonable and fair if the goalposts are moved while it is being carried out. If the national policy statements are designated during the IPC examination process, any changes in the final versions will not be reflected in the process that has taken place up to that time.

At present, I and the residents of Mid Bedfordshire have no idea who will take the final decision or on what basis they will do so. If the national policy statements are not finalised before the Secretary of state makes a decision, any other matters taken into account in reaching the decision will not have been subject to examination. Any recommendation made by the IPC on the basis of the national policy statements should be disregarded because they lack democratic legitimacy. Furthermore, the IPC process relies on a limited number of rounds of written submissions, which does not allow detailed examination of the key issues that matter to local people.

Is the Minister aware that Mid Bedfordshire is largely flat? In fact, Bedfordshire is known for being flat until one reaches the Dunstable downs. The incinerator is to be in the centre of Marston vale, so it can be viewed from almost every vantage point in the constituency and will absolutely blight the view from all of them—it can be seen from every raised point from Ampthill park to the Millennium park.

Is the Minister also aware that the constituency proudly recycles more that 50% of its waste? Central Bedfordshire council has worked hard to educate and inform people about the importance of recycling. If the incinerator is

granted planning permission, all that recycling, education and work will go to waste because everything will be fed into this monstrous machine.

As the hon. Member for Hayes and Harlington (John McDonnell) said, the Conservative party predicted this problem with the IPC. However, I am running out of time, so I would like to have a clear answer from the Minister on a number of points. When will the national policy statements be designated? If they are designated during the process taking place in my constituency, and after my constituents have made their submissions, does the Minister agree that the process should be stopped? My constituents will have made their submissions on the basis of information that is no longer relevant and considerations into which they will have had no input.

Will the Minister please understand that we are not talking about a group of nimbys in Mid Bedfordshire complaining about something that will affect just a few people? The geographical lay-out of my constituency means that everyone there is angry about this issue. Everybody is incensed about how dreadful this application is and about what a disaster it will be for Mid Bedfordshire if it goes through.

11.16 am

The Minister of State, Department for Communities and Local Government (Greg Clark): It is a pleasure to serve under your chairmanship, Mr Gale. I warmly congratulate my hon. Friend the Member for Mid Bedfordshire (Nadine Dorries) on securing the debate. She spoke with her characteristic passion in representing her constituents. They are fortunate to be represented by one of the most tenacious campaigners in the House. There is no cause that my hon. Friend takes up that she does not take up with verve, passion and the greatest tenacity. In recent months, she has worked hard to raise the profile of this issue in the House. She has organised rallies in Mid Bedfordshire; she has written to me; we have spoken in person; and she has raised her concerns at Prime Minister's questions—she has taken the matter right to the top. Everyone should reflect on the vigour with which she pursues these matters.

I was pleased to see my hon. Friend the Member for Ilford North (Mr Scott) and the hon. Member for Hayes and Harlington (John McDonnell) in the Chamber. That shows that the process that the IPC was set up to operate under is a matter of cross-party concern. I hope that the Government will have the support of the whole House when it comes to abolishing the IPC in the Localism Bill, which is currently in Committee, but which will return to the Floor of the House on Report and Third Reading in a few weeks' time. It is useful to know that the issue goes beyond my hon. Friend's constituency.

I have listened carefully to my hon. Friend. For the reasons she set out, she will appreciate that it is not possible for me to comment on the merits of the incinerator. If the national policy statements are not designated before the decision is made, it would fall to the Secretary of State—that is shorthand for the ministerial team at the Department for Communities and Local Government—to determine the application. Given that today's proceedings have a bearing on that process, it is important that I do not prejudice my view of the application. However, I have heard what my hon. Friend has said, and I will comment on each of her points. Let me take in turn the three general points that she made.

My hon. Friend argued that the decision on where a piece of infrastructure of national significance should be located should not be determined by an unelected body in defiance of local people's wishes; I entirely agree. Projects such as major roads, reservoirs and power plants are essential to our health and well-being and to the nation's economic future. They have a major influence on society's impact on the environment, helping us reduce our dependence on fossil fuels and cut our carbon footprint. They form the legacy that we leave the next generation. It is right to have a regime to consider those major applications, which recognises their larger-than-local aspect.

It is worth observing that all the existing municipal incinerators in England contribute less in annual emissions than bonfire night—a single night. It is worth putting the matter in perspective. However, I believe that when the relevant decisions are made there should be—as there are not with the decisions of the IPC—elected Members who are accountable. Unfortunately, we have inherited from the previous Government a system in which, ludicrously, the final decisions about when and where major developments should take place are made by the IPC, an unelected quango that is unaccountable to the public. I mean no disrespect to the people who work there, who have been given a remit in legislation. They discharge that remit, I am sure, to the best of their ability, but they have been caught in a situation that is fundamentally undemocratic. That is an astonishing deficit of democracy, and the arrangement must go.

Nadine Dorries: The point about bonfire night has been raised several times, almost as a smokescreen—if hon. Members will excuse the pun. The emissions from an incinerator are constant and daily—they continue day and night. The incinerator will burn for 24 hours a day. Bonfire night is one night of the year. We took evidence from Professor Paul Connett from America, the world's leading authority on energy from waste. The emissions from the incineration are constant. Companies such as Covanta frequently breach their licences—the company is in court in the States at the moment. They frequently release toxic emissions into the air. I grant the Minister that if they kept to their licences and operated as they are supposed to, there might be merit in the bonfire night argument, but history shows that such incinerators do not operate as they are supposed to, because they break the law almost daily and release into the atmosphere emissions that they should not. The comparison with bonfire night cannot be made.

Greg Clark: It is important that any facility that is or will be licensed, wherever it is, should stick to any terms and conditions of the licence. I am sure that Department of Energy and Climate Change Ministers, who are in charge, along with our colleagues in the Department for Environment, Food and Rural Affairs, of supervising those issues, will reflect on what my hon. Friend has said and try to ensure that there is the greatest possible confidence in the adherence to those conditions.

We are determined to introduce reforms in the Localism Bill. I look forward, as I am sure my hon. Friend does, to the day when it is passed. However, provided that the national policy statements on energy are designated as we expect, we anticipate that the application in question will be decided by the IPC alone, without the possibility

[Greg Clark]

of ministerial intervention. That is the system that we have been bequeathed. An observer might ask, as my hon. Friend does, why, if Ministers believe that there should be democratic accountability, they do not scrap the IPC and the regime under which the planning application was submitted. However strong the temptation may be, Ministers must obey the law.

The law is at odds with Government policy, but we live in a parliamentary democracy and cannot rule by decree. There have been recent examples relevant to that. I think my hon. Friend is familiar with the case of CALA Homes, concerning the revocation of the regional spatial strategies, in which the courts determined that however clear the Government's intention to abolish those strategies, we need to go through the parliamentary process to abolish them, rather than anticipate that abolition. The courts were clear on that. The fact that we took the decision that resulted in the court case shows the Government's desire to do as much as possible to implement our policy as quickly as possible, which is important. However, for good reasons we are required to go through the House to pass legislation. When it comes to abolishing not only the IPC but the current procedures for considering major infrastructure applications, that is what we must do. We are constrained in that way.

My hon. Friend raised concerns that the process of pre-consultation has been defective. I have listened to her carefully and will immediately take up with the IPC all the points that she made. It is crucial that consultation should be fair and open, so that people can give their views even in a system that we both agree is flawed. It should facilitate the meaningful involvement of all those who want to be involved in the process. It is important that local people should be able to be heard in person and demand an open hearing. The onus is also on any organisation that carries out a consultation to ensure that its electronic procedures are widely accessible and compatible with the systems that users are likely to have. Organisations should not have an inaccessible system, which they should design with users in mind. I shall immediately get in touch with the IPC on the points that my hon. Friend raised.

The Planning Act 2008 specifies, as my hon. Friend knows, a narrow range of conditions in which Ministers can take decisions out of the IPC's hands, which is our difficulty. Those conditions include questions of national security and defence. Even if we wanted to stop the process, I do not believe the law would allow us to do so.

My hon. Friend raised an important point about the role of national policy statements and the likely timing of their designation. She knows, having served on the Select Committee on Energy and Climate Change, the reasons why it is crucial, when we face a prospective crisis in generating capacity, to get investment in that capacity. The nuclear programme is important to that. We have always said that we want to bring national planning policy statements to the House as quickly as possible.

My right hon. Friend the Secretary of State for Energy and Climate Change has not yet responded to the Select Committee, and it is for him to respond to its concerns about process, but it is the Government's view that we should get on as soon as possible and allow Parliament the chance to ratify those statements in the interest of energy security and, indeed, investment in that important area of national life. However, there is clearly a possibility that the statements might not be designated, and then the decision in question would come to the Secretary of State. I do not want to raise my hon. Friend's hopes and create an expectation that that will happen, because the opposite is to be expected. My right hon. Friend will respond to the Committee in due course.

We are in an unfortunate position. I commend my hon. Friend for the vigour with which she is pursuing the matter. She is right to make sure that her constituents' voices are heard. Of course, even under the existing flawed system, the IPC has a duty to consider local people's voices, and I shall, as I have said, pass on to it her comments about the process to date. It is worth pointing out that the IPC has not yet made a decision. I hope that the debate is an opportunity to explain to my hon. Friend's constituents what I think she knows, being expert in the matter, about the constraints, and the requirements on the IPC for consultation and to share our frustration—we would rather not be in this world. I hope that the next time we discuss the issues, it will be after the passage of the Localism Bill, and that the IPC will be dead and buried and replaced by a system that my hon. Friend and I—and, I think, the hon. Member for Hayes and Harlington—want. That is a system in which major decisions of national importance are taken through a fast-track, streamlined procedure, with a Minister ultimately responsible to the House and, through the Government, to the nation, in charge of making the decisions.

11.30 am

Sitting suspended.

Pubs (Planning Policy)

[MRS ANNE MAIN *in the Chair*]

2.30 pm

Greg Mulholland (Leeds North West) (LD): I am pleased to have secured this important debate and to see once again some of my pub supporting and friendly colleagues, who come from both sides of the House. It is important to remember that the matter affects each and every one of us as constituency MPs. We are all doing our best to preserve and support the great British pub, a wonderful institution that is of considerable importance to our communities.

I am delighted once again to have the opportunity to be debating the subject with my hon. Friend the Minister, who is responsible for community pubs in his role at the Department for Communities and Local Government. I hope that, like me, he sees the debate as being part of a conversation between us and the all-party save the pub group, one that will continue during this Parliament. That conversation may sometimes happen here in Westminster Hall and sometimes in parliamentary or ministerial offices, but due to our genuine interest I hope that it will continue sometimes to happen in the pub.

We had a well-attended debate a few weeks ago, in which we heard that the British pub faces many problems. There is the problem of the pub codes of practice and their distortion of the beer tie; there is the problem of the supermarket ban, with unreasonably low prices and below-cost selling; and there is a problem with various aspects of regulation. All those factors cause real concern.

What is sometimes lost in our debates, perhaps deliberately so, is the one thing could save the British pub, almost at the stroke of a pen but certainly at the stroke of the parliamentary printing press as many of these problems are covered by secondary legislation, and that is to strengthen planning law to recognise the importance that pubs play in our communities. At the moment, that is not happening.

We are all aware of what successive Governments have done, and I make no criticism here. I pay tribute to the Minister's predecessor, my right hon. Friend the Member for Wentworth and Dearne (John Healey), who also took a genuine interest in the subject. It is easy to say positive things about the importance of the pub, but until that is recognised in a meaningful way within the planning system, many of our efforts in trying to protect and save our local pubs will be wasted.

At the moment, we have the extraordinary situation that a free-standing pub—one that is clearly not connected to another building—that is not listed or in a conservation area and that has no other protection under planning law, can be demolished overnight. That can be done without planning permission, never mind consulting the community, something that my hon. Friend the Member for Selby and Ainsty (Nigel Adams) highlighted in his Protection of Local Services (Planning) Bill, a private Member's Bill that was supported by the all-party group. I shall speak a little more about that later, and I am sure that my hon. Friend will want to contribute to the debate.

Similarly, it is perfectly legal under the planning system, overnight and without any consultation with the community, to turn the local pub into a Tesco, a betting shop, a restaurant or a café—businesses that do not have the same community function and that are not a community hub in the same way that a pub is.

Mr John Leech (Manchester, Withington) (LD): Does my hon. Friend agree that large supermarket chains are using pub buildings as a way of getting around the regulations that require them to have permission for an additional store. Often the pubs are quite large, bigger than something that a supermarket would otherwise require permission for.

Greg Mulholland: My hon. Friend is absolutely right. I call it predatory purchasing. The supermarkets deliberately target pubs because they are a soft touch. The Government have said that they want to be a pro-pub Government, and I am proud of that, but they also want to be a decentralising Government who believe in localism. As part of that, they will have to show that such things are not acceptable without the community being consulted. That is happening because the planning system is weak, and Tesco and the other supermarkets know that and exploit it.

The scandal goes on. Pubs are being closed every week that are not only viable in terms of making a profit, but are successful and profitable at the time of closure. Those closures often happen against the wishes of the small businessmen and women who run the pub and making a living from it. That is a scandal, and it must be stopped.

John Woodcock (Barrow and Furness) (Lab/Co-op): I congratulate the hon. Gentleman on securing this debate and on his ongoing work on the matter. Does he agree that an examination of the planning regulations and their potential weakness should extend to those bowling greens that are connected to pubs? Many are being sold off without consultation, leaving many bowlers with no place to practise their prize sport.

Greg Mulholland: I thank the hon. Gentleman for raising that point. The all-party save the pub group would be interested to talk to him, because such bowling greens are often part of our heritage, and another community facility that is associated with the pub.

Julian Sturdy (York Outer) (Con): I congratulate my hon. Friend on securing this important debate. I give an example of the problem from my constituency. A successful pub was recently threatened with closure because a local housing charity had targeted it specifically for housing. Thankfully, the pub and the community won the day, and the pub was saved. The pub was targeted because the charity saw a loophole in the planning system. It must be closed. I thank my hon. Friend for raising the matter; it is an important point that we must press.

Greg Mulholland: I thank my hon. Friend and near constituency neighbour. He is absolutely right. As with all successful pub closure campaigns, I congratulate him and his community on having the courage to fight that campaign. Sadly, given our weak planning laws, such campaigns are often not successful.

[Greg Mulholland]

The Government have said that they will take action on restrictive covenants, which I warmly welcome. I am sure that the Minister will say a little more about the Government's proposals, but I understand that a consultation will be held this year. I hope—I have no doubt—that it will lead to the abolition of this extraordinary practice, whereby the owner of a pub, whether it is a brewery or pub company, can slap on a covenant that says that it must never be a pub again, with the community having no say on the matter. It is absurd. It is anti-competitive and anti-community, and it must be outlawed!

I bring to the Minister's attention one of the other many tricks used. I call it the restrictive covenant by the back door. My hon. Friend the Member for York Outer (Julian Sturdy) was lucky in his campaign, but we often see pub companies or individuals deliberately choosing to sell the pub for non-pub use even though they have received viable market-value offers from those who wish to continue running the pub and serving the community. There is nothing to stop that, but the effect is the same. The community loses its pub even when someone wants to buy it.

We have some wonderful small breweries, and some fabulous small pub companies are popping up, with real entrepreneurs taking on pubs throughout the country in small numbers. It would be a far greater number if the larger companies were not able to ignore offers from the community or other pub companies. That problem must be addressed. In Otley, in my constituency, there was a pub called The Woolpack, which had served the community for many years and had considerable historical merit. It was sold for non-pub use even though there were companies that wanted to buy it and run it as a pub. The decision to end that pub's service to the community was entirely taken in the boardroom of a company, which must be wrong. Often, such decisions are made even when the company or individual who wants to continue to run the pub puts in a higher bid. That is because an organisation deliberately wants to shut that pub—in the same way as restrictive covenants—so as to lessen the competition for the other pubs that it may have in that area.

Nigel Adams (Selby and Ainsty) (Con): My hon. Friend hits on a key point. Very often, profitable pubs run into such a situation. Does he not agree that there are many pubs that are not economically viable, and, in some cases, they probably need to shut. The real scandal, however, is the closure of pubs that are profitable and could have a long-term future. The key issue is that local communities should have a say as to whether such buildings are razed to the ground.

Greg Mulholland: I thank my hon. Friend and look forward to continuing to work with him on this issue. I know that our hon. Friend the Minister is listening to us. Let me be clear that no one is suggesting that those genuinely failed pubs—those pubs that cannot make a living and no longer have a community that wants them—should not change. No one is even suggesting that there should be significant barriers stopping their conversion or redevelopment. I want to make that absolutely clear to the Minister, and I hope to convince him that there are ways in which we can do that by, for example, putting halts in the planning process. My hon. Friend is right. There is only one way in which we can determine whether a community wants a pub and that is to ask the people who live in that community. Very few councils do that. As I will discuss later, the issue of viability is very often not established, or it is simply established because the current owner claims that the pub is unviable.

The Minister may say that pub campaigners can sometimes be a little over-sentimental. As a member of the save the pub group, I refute that charge. Why do we not say more about pubs also being small businesses that actually make an incredibly valuable contribution to the national economy, which is, of course, eroded every time a pub closes? The tax-take from those pubs is also eroded every time one closes. Pubs are small businesses, with an individual, a couple or a family earning a living and employing people in the local economy. The new economics foundation has suggested that twice as much as every pound spent in a pub goes directly to the local economy, compared with half of that for every pound spent in a supermarket. Often, as we have said before, supermarkets are replacing pubs.

Jason McCartney (Colne Valley) (Con): I congratulate my hon. Friend on securing this debate. He hits on a very good point there. My local pub, The Coach and Horses, in Honley village has just reopened having been closed for three months. My hon. Friend was right to talk about the employment opportunities. The pub employs bar staff, the manager, the entertainment that it is bringing in on Friday and Saturday night, the cleaning staff and the catering staff. Whenever we hear about a small supermarket moving into an area, people always talk about the employment opportunities. We need to emphasise the employment opportunities that pubs can bring to rural villages and remote areas. I should like to congratulate my hon. Friend on making that point.

Greg Mulholland: I thank my hon. Friend and fellow Yorkshire MP for making that point. It is easy for people in planning applications—I have seen it as I am sure have other hon. Members—to present the pub as something that is of the past and that is no longer wanted by communities. They deliberately ignore points such as employment opportunities. They suggest that a business that has served a community for 50 years or even 100 years and contributed to the economy should be replaced by a set of flats that will make a one-off profit for a business, or a supermarket that will do things in a different way. It is so important that we do not lose sight of that point.

Let me outline the framework for pubs in planning law and why, sadly, pubs have so little protection. Planning policy statement 4, which applies to villages and local centres—already it is rather ambiguous because there are pubs that are in areas that do not qualify—replaced planning policy statement 7. That was a change made by the previous Government in December 2009 and was a cause for concern. PPS 7 was stronger and made direct reference to supporting the retention of local facilities such as public houses. The new policy simply refers to planning applications affecting shops and leisure uses, including public houses or services in local centres.

The Government are thinking of replacing that planning policy statement with a new framework. I urge the Minister, who is a genuine supporter of pubs, to ensure

that when that statement comes out it includes a direct reference to the importance of public houses so that councils can take that into account. Without such a reference, councils will not do that.

Stuart Andrew (Pudsey) (Con): My hon. Friend will be aware that in a former life, I was on the planning panel of Leeds city council. That was exactly the problem that the panel faced with a pub in his constituency that was closed down. Does he not agree that to give councillors that extra power, such a reference is exactly what is needed in legislation?

Greg Mulholland: I thank my hon. Friend and neighbour for that point. I was coming on to that exact case. To some extent he is right, but the unfortunate reality is that councils can, as things stand, adopt pro-pub planning policies. The scandal of that case is that Leeds city council did not even seem to realise that it could and should have adopted such a policy.

John Pugh (Southport) (LD): Is it not the case that under the sustainable communities legislation passed in the previous Parliament, there are opportunities and levers that are currently not being used?

Greg Mulholland: That is the case, yes, but there is another issue that relates to The Summercross pub in my constituency. I had a phone call from a legal officer at Leeds city council who said to me, "What is this Sustainable Communities Act and what relevance does it have to pubs?" Clearly, there is a large job to do in communicating with councils. Some councils are good—I will mention them in a minute—but some do not appreciate what is already there at the moment that could make a difference. Existing legislation does not go far enough, but if the guidance were clearer, it could make a difference.

Let me briefly relate the sad story of The Summercross pub, because it is a classic example of the problem here. The Summercross was one of my local pubs in Otley. It had been a pub since 1871 and it was the only pub of that name in the UK, so it represented a little bit of British history. It had gone through the usual story of changes of ownership and successive tenants. Every time the pub did well, the rent went up. Rather ominously, it was bought by a London-based developer, but the tenant who came in did a very good job of turning around the pub and making it successful and profitable again. It attracted the customers back by serving excellent local independent beer. However, a deal was struck over his head, initially without his and his wife's knowledge, to sell the pub to a Leeds-based developer for a very large profit—something like £1 million for that one sale. The London-based developer, Phase 7 Properties, had bought the pub as a predatory purchase, seeing it as a potential development opportunity because of the weakness in planning law. Scandalously, the landlord and landlady were give a few weeks to clear out of The Summercross, which was their home as well as a small business, a community pub and a popular live music venue.

A campaign was launched to try to save The Summercross. However, the London-based developers, who went off with £1 million in their pockets after owning the pub for just two years, said, "Sorry guv, nothing to do with us any more. You've got to speak to Chartford Homes in Leeds." Then Chartford Homes said, "Well, it's nothing to do with us, because we didn't close the pub, but actually now we want to build houses on it."

Then a battle ensued. The community conducted a vigorous and well run campaign, and they managed to fight off the first planning application. They obtained figures to show that the pub was profitable and viable, and so the first application was kicked out. However Chartford Homes was cunning and, frankly, it had an awful lot of money—£1 million more than was clearly sensible—tied up in the pub. So it transferred the ownership, or at least proposed at that stage that the pub be taken over by a company called Westwood Care, its sister company with shared directors. Westwood Care then came back with the wonderful, cuddly proposal to turn this historic building into a care home.

Sadly, that proposal went to the plans panel of Leeds city council. What happened next fits exactly with what my hon. Friend the Member for Pudsey (Stuart Andrew) has talked about. The members of the plans panel in Leeds felt that they could not refuse that application in planning law. I am afraid that the main reason was that Leeds city council has no policies in place that recognise the importance of pubs, so it is Leeds city council's fault that The Summercross closed.

The actions of Leeds city council can be compared with those of Bradford city council. Just up the road from Otley is Ben Rhydding, a suburb of Ilkley. Bradford city council stood by the community there and was prepared to take on the owner of the Wheatley, the local pub—in that case, it was Punch Taverns. The council won and the Wheatley is now a popular and thriving pub again. But Leeds city council is frankly clueless when it comes to the protection of pubs and planning policy, and it needs to address that failing.

It was incredibly frustrating during the planning process to hear the chair of that plans panel whispering to officers, "Pub viability is not a planning consideration, is it? We can't consider that." The chair also said, "The only planning protection policies that exist are to do with rural villages, aren't they?" Both those statements are incorrect and both were made in what is supposed to be a quasi-legal setting.

Pub campaigners and other members of the local community in Otley saw planning officers present the developers' own proposal. It was a PowerPoint presentation from the developers. The word that local people used when they saw that presentation was, "Corruption." They said, "Surely this can't be right? It's corruption." I said, "No, it isn't corruption. There is no corruption there." However, it is the farcical reality of the planning process, which means that a set of planning officers can present exactly what the developer wants to do and make some comments on it. And what does the community get? They get three minutes to make a few comments. I am afraid that the decision to close The Summercross, ignored the reality that it was a profitable pub. The figures to that effect were presented. Instead, the members of the plans panel said, "There's nothing we can do in planning law to stop that." I am afraid that that sort of thing is happening up and down the country.

I want to issue a challenge to my hon. Friend the Minister today. I appreciate that this is a difficult issue in planning law. However, we all agree that there is some moral ownership of a local pub by the local community. Surely, if we believe in everything that we say, there

[Greg Mulholland]

must be such moral ownership. As my hon. Friend the Member for Selby and Ainsty has said, the community must have a right to have a say over the future of its local pub, especially when the pub is successful and, as in the case of The Summercross, other companies are knocking on the door and phoning me to say that they want to take on the pub but are unable to do so because of the grubby deals that have gone on between two developers behind the backs of the landlord and the local community.

The London-based developers, Phase 7 Properties Ltd, owned The Summercross and allowed a tenant to run it for two years. I do not think that it ever visited the pub themselves, which it had an agent to run. Does it have the complete right, as the legal owner of the building, to do what it wants over the heads of the community that, as I have said, must have some moral ownership? I say that it does not have that right. That situation must be recognised, in a realistic way, in the planning process.

Nigel Adams: Does my hon. Friend agree that such a small change in planning law would also put a very large tick in the box for the Government's localism agenda?

Greg Mulholland: It will not surprise my hon. Friend to know that I will discuss the Localism Bill very shortly. As my hon. Friend the Minister knows full well, because I have written to him about it already and will continue to do so, that Bill is a huge opportunity and the save the pub group must also see it in that way. It is a huge opportunity to address these issues that we and our local councillors face day by day. We find that our views, expressed as elected representatives and councillors, are rejected. Otley town council objected to the closure of The Summercross pub, but its objection was regarded by the plans panel as not being remotely of interest. So the Localism Bill is an opportunity, and I will go on to say that it is a positive thing but it needs to do an awful lot more.

There are other issues. One that I want to touch on briefly is the issue of pub interiors. I was very lucky and privileged to have been asked to launch the new book by the Campaign for Real Ale, "Yorkshire's Real Heritage Pubs", at the stunning Garden Gate pub in Hunslet, which is in Leeds. Frankly, that pub is only there because of the campaigns by Leeds CAMRA and other people, and because the wonderful Leeds Brewery has now taken the incredibly courageous decision to buy it and make it its fourth pub as it expands its portfolio. The Garden Gate pub is not in my constituency. It is in the constituency of the right hon. Member for Leeds Central (Hilary Benn). However, I am sure that the right hon. Gentleman and I would be delighted to take my hon. Friend the Minister there at some stage, because it is a stunning example of pub interior design that has been preserved.

The reality is that only 2% of pubs in Yorkshire and the Humber region retain their original interiors. Those pub interiors are part of our heritage. We would not see our castles or our stately homes being vandalised and demolished in that way. There has been some great work done by CAMRA and English Heritage, operating together, on this issue. However, there needs to be clearer advice from the Government, including from the Minister's Department, about what councils can and should do in terms of listing pubs and about the criteria for listing pubs. Sometimes, even though something is clearly worth preserving, it does not actually tick the right boxes. I hope that that is another conversation that my hon. Friend the Minister and I can have, perhaps over a pint of Leeds Best in the Garden Gate or one of the many other pubs featured in CAMRA's national and regional guides.

I have said that I would discuss the good councils as well as the bad, and it is incredibly important that I do so. My hon. Friend the Minister rightly said that councils have a key role. Neither I nor the other members of the save the pub group are saying that the Government can or should solve all those problems. I also want to make it clear that we are not saying that the Government should impose everything. As is suggested in the private Member's Bill promoted by my hon. Friend the Member for Selby and Ainsty, it is more a case of giving local councillors the powers, so that they do not feel that they simply have to give the nod to plans that they know, in their heart of hearts, are wrong.

There are some very progressive councils. At the moment, 40% of councils make specific mention of retaining pubs in their local planning policies, which is impressive. In addition, 20% of councils do not specifically mention pubs but none the less have strong policies on protecting community facilities in general. However, 40% of councils are bad in terms of providing protection for pubs. They have no policy whatsoever that would assist communities to retain pubs. I am ashamed, and I hope that my hon. Friend the Member for Pudsey is also ashamed, that Leeds city council is indeed one of the 40% of councils that do not have policies to protect pubs. There are many examples around Leeds and the surrounding area of how the council has simply let things happen, and we have lost important community facilities as a result.

Merton borough council has a very positive policy on pubs:

> "The Council will not permit the redevelopment or change of use of established public houses to other uses except where:
>
> (i) The applicant can show that the public house is no longer economically viable
>
> (ii) The applicant can show that reasonable attempts have been made to market the site as a public house [and]
>
> (iii) There is alternative provision within the local area."

Mike Weatherley (Hove) (Con): The hon. Gentleman has mentioned on many occasions the lack of "viability" as being one of the criteria by which community pubs are allowed to close. Does he agree that there is a whole raft of legislation that should be enabled to ensure that, first, "viability" is enhanced and, secondly, that we do not hide behind "viability" as an excuse? For example, live music in pubs is known to increase takings by about 40% on average, and I hope that my recent "Rock the House" project goes some way to increasing awareness of that. However, does he agree that the Minister must consider the whole raft of licensing issues that go along with planning issues, to ensure that the concept of "viability" does not become something to hide behind?

Greg Mulholland: I pay tribute to my hon. Friend for his work with "Rock the House", which the all-party save the pub group formally backs. We look forward to working with him, and to getting as many MPs as

possible behind that initiative. He is absolutely right that licensing is another issue and, as the Minister has cross-departmental responsibilities, I know that he will be having conversations with Ministers in all Departments that deal with pub-related issues. The licensing regime has certainly become over-bureaucratic and too expensive, and he and I strongly agree that some of the changes that were made a few years ago have been detrimental to the encouragement of live music. The wonderful annual Otley folk festival, which largely takes place in Otley's public houses, is a celebration not only of folk music but of the public house, and is a great example of the harmony that is there.

Returning to the councils, Oxfordshire and Mid Sussex councils have positive policies, but it would help if the Government provided more guidance, perhaps on what the policies should say. At the end of my speech, I will challenge the Minister by saying that I hope that that can happen in the new national framework.

Now it is time to talk about the Localism Bill, which I am sure we all support, and which sounds like the sort of thing for which many of us have been campaigning for many years. It is the kind of thing that can, and surely must, be used to stop this scandal of profitable, successful pubs being closed against the wishes of the local community. Will it, though? I know that the Minister will talk about the proposed community right-to-buy scheme, and let me make it clear that the all-party group warmly welcomes that proposal and looks forward to considering its details and to working, hopefully, with the Minister and his team to ensure that the scheme works. Unfortunately, although the proposal is positive, it will not have a substantial effect in preventing closures of profitable and wanted pubs, first and simply because unless the Government finally get rid of the absurd loopholes, whereby a pub can be demolished or turned into a café, restaurant, betting shop, payday loan shop or supermarket without planning permission, a huge number of pubs will still be at the whim of the companies making those decisions. I therefore urge the Minister to close those gaps not only on demolition but on change of use, because otherwise there will not be many pubs for communities to try to buy.

Secondly, I think that the Minister has to accept that what is in the Bill is not a community right to buy; it is a right to try. I ask the Minister, again, to consider the model in Scotland, which contains a genuine right to buy. Here, there is a right to put together a bid, to trigger a delay—a moratorium—but there is not even genuine encouragement for the owners, let alone the obligation that I would like to see. Without that, how many communities will realistically be able to raise perhaps hundreds of thousands of pounds from share options, fundraising or local businesses, if at the end of that period—the length of which the Minister has not yet specified; CAMRA has suggested a very sensible six months—the owner might say, "Well, actually, I'm going to sell to Tesco anyway, for slightly more"? As we have already said, the pub company might want to get rid of the pub, because of competition between its pubs in the area. If the proposal is genuine, that issue has to be considered, because otherwise not many pubs will be saved and the closure of profitable pubs against the community's wishes will not be prevented, which is surely something that the Minister and the Government want to prevent.

What should be done? I want to continue, and I want the save the pub group to continue, to be part of an ongoing dialogue with the Minister. We seek to help, as we were invited to do by the previous pubs Minister, the right hon. Member for Wentworth and Dearne (John Healey). We were happy to meet with him and his civil servants. Some of our proposals clearly need to be looked at, and they might not necessarily do what we think they will, but we want to work through them and be part of that conversation to get to the end result that I think we all want, which is to give viable, profitable pubs some protection in planning law.

So, what should be done? The Government have to commit to closing the loophole on demolition, and I have been encouraged by what the Minister has said. There have been positive conversations during the passage of the Protection of Local Services (Planning) Bill between him and my hon. Friend the Member for Selby and Ainsty, and also with me. I am encouraged that the Minister has suggested that he and the Government are minded to stop the scandal of pubs being demolished, but I have to use a phrase that has been used with me—do not be a half-a-job Harry. I know that the Minister would not want to be one, but if the demolition loophole is closed and nothing is done about people being able to continue to turn a pub into a Tesco, a betting shop or a restaurant overnight without planning permission, only a small gap will be plugged and the other scandal will not be stopped.

Nigel Adams: Given that an estimated 39 pubs a week are closing, and that CAMRA estimates that about a third of those are demolished, we have an urgent problem. I appreciate my hon. Friend's support for my private Member's Bill, but does he agree that the best route for offering protection for pubs would be for the Government to adopt an element of that Bill in the Localism Bill?

Greg Mulholland: I absolutely agree. That is essential if the right to buy is not to appear tokenistic. I stress, however, that the issue is not only about demolition, and I urge the Minister to stop it being okay to turn the Red Lion or the White Swan into a Tesco, just because a deal is cooked up between a distant unaccountable pub company and Tesco headquarters. That cannot be right, because the community, never mind the small business person, has no say over whether it wants the pub to continue.

There is a separate use class order, A4, for pubs, bars and other licensed premises, but it is currently perfectly allowable to change that to one of various other use class orders—A1, A2 or A3, I think—and the Government could, very simply, stop those conversions without planning permission. I am not talking about when a pub is no longer viable or wanted and it might be a good idea to turn it into a solicitors office. All the Government have to do is to say that there are no conversions from A4 to anything without planning permission being obtained through the normal process. If the pub is no longer viable or wanted, it will change use within a reasonable and normal time period, as with all planning applications, but the community should at least have the right to comment.

I briefly wish to mention the wonderful work of Pub is the Hub and the Plunkett Foundation. No one suggests that it is possible for the Government to provide huge

[Greg Mulholland]

amounts of money to back up the community right-to-buy scheme, but there has to be better and clearer Government advice about the realities of setting up a community co-operative and putting a bid together.

I would be interested if the Minister told us what progress the asset transfer unit has made on coming up with a genuine package of guidance and support for communities that wish to do that.

My big idea, which I have shared with the Minister, is a moratorium. Imitation is the sincerest form of flattery, and I have taken the Government's idea for a moratorium and extended it. It would be possible and desirable to have a moratorium before any permanent change of use or demolition. Six months would be a reasonable period and would allow us to see whether other companies or individuals wanted to buy the pub. It is a scandal that there are often companies knocking at the door that want to take on the pub, but they are simply not allowed to do so.

As the save the pub group has consistently said since its formation, two things should happen in this six-month period. First, there needs to be a genuine, independent community consultation, which must be carried out by the local authority, as the planning authority. Some developers put surveys through people's doors with leading questions—we are all politicians, so we know about leading questions—and the answers are presented as the community's view. People are asked, "Do you think Otley needs more care homes?" or "Do you think old people should have a good quality of life?", and when they say yes, the developer says, "There you go. Everyone wants a care home instead of a pub." There must be genuine consultation to establish the will of the local community and the need for the pub.

There should also be a proper, independent viability test of the pub. Some councils have the courage to carry out such tests, although it is mainly rural councils at the moment. In the case of The Summercross, the developers' agents prepared a huge glossy document and presented it to the plans panel, saying that it proved that the pub was not viable. How can someone prove that a pub is not viable when it was trading profitably in the years before? That is absolutely absurd. There must be an independent viability study, which should, again, be carried out by the local authority, as the planning authority. There is also the CAMRA viability study, so a model exists, and I hope the Minister will consider suggesting it in guidance to local authorities when they put their policies in place. In that respect, I hope that Leeds city council and others will finally get round to doing that, so that 40% of councils are no longer without policies on pubs.

My moratorium could work in two ways. The Minister and I have discussed this, and I realise that he has views about how the moratorium could work, but I want to give him two other suggestions. The six-month moratorium could be part of the forthcoming national planning policy strategy, which could suggest what should happen in the case of conversions from A3. It could also be covered in supplementary guidance to councils that are putting together supplementary planning policies.

Another suggestion that I have already raised with the Minister, and which I know would take some work, would be to look at whether we need a separate definition of a community pub and whether such a definition is possible. We would need a proper study to see whether we could separate community pubs, which clearly have a community function, from a lot of bars and nightclubs, which do not. It would be exciting if that was possible, because it could lead to a different rateable value. As one of my colleagues said, community pubs sometimes, but often do not, get sufficient payback from their community work and the community role that they play.

Justin Tomlinson (North Swindon) (Con): I am delighted to support that point. All too often, the community pubs my hon. Friend is referring to are the last standing community facility in the local area. All too often when I am in an area, I will see the former post office, the former dairy and the former school house. It is right to separate community pubs from the rest of the trade because they have an additional role to play in the market.

Greg Mulholland: I thank my hon. Friend. I hope that he will help me, CAMRA and the Institute for Public Policy Research, which is looking at this issue, to see whether that would be possible. Such a step would make it easier in planning law to do some of the things that we want. I hope the Minister and his team will seriously consider that point and that it will be part of the dialogue we have.

Even without such a change, it is possible, as I said, to require any change of use from A4 or any demolition to involve a moratorium that includes the three things I mentioned: allowing the pub to continue where there is a genuine business and making sure, if not requiring, that the genuine, independent market value be considered; holding community consultation; and carrying out a viability test.

Finally on the suggestions from me and the save the pub group, let me return to pub listings. We still have a few wonderful pub interiors, and I am glad to say that there are a number in London, which it is worth going to see. They are important to tourists, who will walk into a pub such as The Mitre and realise that such things are unique to this country. We should be proud of that.

Nigel Adams: I, too, received a copy of the wonderful book on Yorkshire's heritage pubs, but was my hon. Friend, like me, not a little surprised that there were not more entries from Tadcaster, given that it is the most prominent brewing town in the country, as all Members present will agree? I hope that he will raise that with his friends at CAMRA the next time he sees them.

Greg Mulholland: All I can say is that CAMRA has strict criteria. As my hon. Friend well knows, anyone travelling up the A1(M) will come to a sign pointing to Tadcaster one way and Otley the other. One is a famous pub town and the other is a hugely famous Yorkshire brewing and pub town. There are some synergies there, and it is probably appropriate for me to visit Tadcaster to see some of its pubs for myself.

As the Minister will know, councils have the power to compile local lists of historically important buildings. At the moment, however, that power is toothless because it affords no extra protection. Will the Minister find a

way to ensure that buildings that are put on these local lists by the good councils that recognise the importance of pubs such as The Whitelocks in Leeds can be protected in the planning process? It is great to have them listed, but listing seems to achieve nothing in the planning process.

Those are the main recommendations that the save the pub group is making for now as part of the conversation we are having. We will have a lively debate about the right way forward, but there is one thing the Minister and the Government must not fall into the trap of doing. I sit on the coalition Government Benches and I support what the Government are trying to do. Like the Minister, I do not want more regulation, and I certainly do not want more regulation on pubs in the licensing system—in fact, I want to see less. However, it is quite wrong to suggest that giving communities the right to have a say over their local pubs and the important local services they provide is regulation, because it is not; it is simply about ensuring that there is a proper process to enable communities to have a say. That will not prevent pubs from being converted to alternative and positive uses when their days as a pub are numbered because of the area they are in or the local population.

I agree with the Minister that we want competition and a free market. As everyone in the pub trade and associated trades knows, however, there is no free market, because of the huge distorting impact of the fact that half the pubs in the country are owned by the largest pub companies, which tightly control prices and dictate rents. That is a separate issue, and the Government are looking at it. However, entrepreneurs—the up-and-coming small brewers and small pub companies—are delivering great pubs, but they are not getting access to the market because of the planning system. If the Minister wants genuine competition, as I do, he needs to make it much easier for not only communities but entrepreneurs to get their hands on pubs. At the moment the Government are not saying that.

Of course, the Minister will hear from the pub companies, developers and supermarkets, who want carte blanche to do what they want with the community's pubs. They will tell him, "You must not do this; it is not in the spirit of the free market. It is anti-competitive. It is regulation." It is not. The Government have a clear ideological choice. Do they really want to empower communities to have a say over local pubs, or do they want to back the developers, the giant pub companies and the supermarkets, to let them do whatever they like with their pubs? It is as stark as that. I know what I believe in as a localist, a decentraliser and a real fan of pubs, and I hope the Government will choose the right way.

The matter is linked, of course, to that of the big society, which is a huge issue. There has been a lot of coverage of the big society this week. People say it is a concept no one can disagree with: we want more power for communities, and local people doing things for themselves. The issue has been about the costs and whether it is affordable. However, much of the big society can happen without the Government spending a penny, and what I am talking about presents one opportunity for that. If the Government make the right, bold decisions they can stop the closure of profitable pubs happening against the wishes of communities. That surely is the big society at a local level.

I have a few questions for the Minister and, because this is a dialogue, I do not ask him to reply now.

Andrew Griffiths (Burton) (Con) *rose—*

Greg Mulholland: Before I put my questions I shall give way to the hon. Gentleman, who represents Burton, another famous brewing town.

Andrew Griffiths: I thank the hon. Gentleman for bringing this important debate to Westminster Hall, and for recognising the importance of Burton. As he says it is the home of beer and Britain's No. 1 brewing town. He talks with some force—and I agree with what he says—about the need to protect our community pubs. Does he also recognise that many brewers and pub companies are trying to reverse the decline of pubs by opening new pubs every day of the week? Marstons in my constituency has just opened The Dapple Grey in Uttoxeter, which is thriving. I was in there a few days ago and it was heaving with people. We need to allow pubs to grow and flourish, and the hon. Gentleman's viability test is the most important element of that.

Greg Mulholland: I thank the hon. Gentleman. We work closely together, because the all-party save the pub group works closely with the all-party beer group, of which he is the vice-chairman, and we look forward to continuing with that. He is right to say that viability is a key issue. He is right to say that some pubs are opening; but sometimes that is used as an excuse to close other pubs that owners or pub companies want to dispose of because of their huge indebtedness, some of which they need to claw back to please their shareholders and foreign creditors.

The issue that the hon. Gentleman raised is important, but there was a case in Otley where a brand new pub opened—a wonderful little free house called the Old Cock—because it was not possible for Lee and Linda, who run it, to get one of the pubs owned by the pub company. They had to set a pub up in what used to be a café, and now offer a wonderful range of independent beers that they could not afford to buy through the pub company. That is why I say to the Minister that there is no free market or way to do that. The tragedy is that The Woolpack, which I have already mentioned, is a mere 50 yards from the Old Cock. If the system worked, Lee and Linda would have bought it, and would be operating that free house from its wonderful historic building. Instead, it has closed and is being converted. The Old Cock is a brand new pub. All I am saying is that we need to assess viability and first ask communities whether pubs are still wanted. That would answer all the problems that we agree exist.

As to my questions to the Minister, I want to nail him down—not today—on whether he agrees with, and whether he and the Government will commit to, the principle that no profitable and wanted pub should be permanently closed against the wish of the community, without that community having any chance of a say on its future. To me, that is the overriding fundamental principle that we must get to as a localist and decentralising Government—and, hopefully, a pro-pub Government. I also ask the Minister to provide an assurance today, if he can, that the Government are committed to extending planning control to cover the demolition of pubs, as he

[Greg Mulholland]

has suggested he is minded to do. Will he also seriously consider doing the obvious thing and making an A4 use class order subject to planning permission for any change of use? That would make a big difference and stop conversions to Tescos, betting shops, restaurants and cafés with no community right to consult.

Will the Minister consider that the forthcoming national policy framework should include not only the idea that retaining pubs is important—it must do that, and I am sure he will ensure that it does—but the idea of a six-month moratorium? That could say, as guidance rather than diktat, that there should be a six-month period to allow other people to buy the pub and allow for the viability test and the independent community consultation. Will he seriously consider strengthening the right to buy, at the very least to prevent an owner unreasonably refusing a bid from a community? Indeed, in my opinion that should also cover a bid from a small brewery such as Wharfebank brewery in my constituency, which has just taken on its first pub. Perhaps the Minister will consider that and work with us to try to strengthen it and make it meaningful, so that communities feel it is worth putting bids together.

Justin Tomlinson: When new schools are built, local authorities must put competition arrangements in place to allow different organisations to bid. Those that bid are given huge amounts of advice and support, to turn enthusiasm into a practical and credible bid. I should be interested to see what support could be offered to those in the community who want to defend the community pub, to turn their enthusiasm towards finding the considerable amounts of money and huge commitment that can be needed to make that a realistic dream.

Mrs Anne Main (in the Chair): Order. Before I ask Mr Mulholland to respond to that intervention, I remind the House that we should begin the winding-up speeches at about 3.30. Perhaps I may ask that the hon. Gentleman draw his remarks to a close. If no other hon. Member wants to speak—and no one has indicated a wish to do so—I want to call the shadow Minister at 3.30.

Greg Mulholland: I am, Mrs Main, on my last question, as the Minister will be relieved to hear. I shall send him a copy of my questions, to be helpful.

My hon. Friend the Member for North Swindon (Justin Tomlinson) must be a mind-reader, because my very last question to the Minister was to be on exactly the point he raised. Does the Minister accept that the Government's asset transfer unit needs to examine, and considerably expand, the support it offers to communities on the possibility of community buy-outs? That is essential, and if the Localism Bill is to bring about decentralisation, localism and the big society, it must happen. It would not cost a huge amount of money—which we cannot provide—but it can empower communities.

I appreciate your indulgence, Mrs Main, and that of the House. The subject is complicated and it needs to be considered as a whole. As I hope I have explained, there is often scant real protection—and there are many loopholes in it—for the great British pub that we all, including the Minister, purport to support and value. That must be changed. We must stop the scandal of profitable, wanted pubs being closed willy-nilly every week. I am delighted that the Minister, and the Prime Minister, have said that they want the Government to be pro-pub. I shall judge the Government on several issues: the reform of the beer tie, dealing with irresponsible pricing in supermarkets, licensing, regulation and a host of other things. Above all, if the Government are to be pro-pub and save pubs throughout the country, they must put the rhetoric into practice and say, "Yes; not only are pubs important but the planning system will say they are and will reflect that." They must make sure that finally, communities will get a say when someone says that they want to close the local pub.

3.29 pm

Chris Williamson (Derby North) (Lab): It is a great pleasure to serve under your chairmanship, Mrs Main. I congratulate the hon. Member for Leeds North West (Greg Mulholland) on securing this debate on an issue that is important and unites the House. I will start with a confession that I hope hon. Members will not hold against me: I am a teetotaller and rarely frequent local pubs. However, I recognise their importance and the central place that they occupy in many communities around our country. It is a matter of great concern that we have lost so many pubs in recent times and continue to lose them at an alarming rate. Between 25 and 40 pubs around the country close every week, which is a source of great concern.

The hon. Gentleman discussed the need for an ongoing conversation about the issue. It is clearly important to return to that as the new Government develop their policy on this and a range of other matters. I thank him for his work on the issue. Hopefully, his questions to the Minister and the ongoing campaign with which he is involved will have some impact on the Government and enable them to make policies that address the concerns that he outlined.

I share the hon. Gentleman's concerns and was appalled by the scandalous examples that he gave of the sharp practice in which certain unscrupulous, well-heeled business people indulge, leading to the closure of all too many of our community pubs. He is right to say that a local pub is a small business that generates employment opportunities, particularly in the more remote communities in our country. Pubs are a valuable source of local employment.

I hope that hon. Members will forgive me for making a political point. I am concerned about the implications of the massive cuts that the coalition Government have agreed to implement. In particular, the cuts of up to 30% that local authorities face over the next four years, and cuts in other public services, will lead to the loss of almost 500,000 jobs in the public sector. According to research by PricewaterhouseCoopers, at least a further 500,000 in the private sector will lose their jobs as well.

Hon. Members are looking at me; they may be wondering what on earth that has to do with this debate. [Hon. Members: "Hear, hear!"] I will enlighten them: it has absolutely everything to do with it. If people do not have money in their pockets, the hospitality trade will inevitably suffer as a direct consequence. Not only the hospitality trade but the leisure trade and many other service industries will be detrimentally affected by the cuts supported by Government Members in the Chamber during debates on the comprehensive spending review and other spending matters.

Karen Bradley (Staffordshire Moorlands) (Con): I apologise for missing the beginning of this debate; unfortunately, I was in a Bill Committee, but I came as soon as I could. The hon. Gentleman is making a point about people not having money in their pockets. Is it not therefore even more important that we deal with below-cost selling of alcohol in supermarkets—

Mrs Anne Main (in the Chair): Order. That is not the subject of this debate. We are on winding-up speeches now. I request the shadow Minister to continue with his remarks, which I hope will also address the topic of the debate.

Chris Williamson: Thank you, Mrs Main. They will and they are. It is central to the future viability of pubs around the country that we recognise the implications of other decisions taken by the Government and the Members who vote for them.

Hon. Members have referred to the community right to buy. On the face of it, I have no difficulty with it—indeed, I think that it is probably a good thing and will be beneficial in certain circumstances—but when we scratch the surface, it is a little bit of a pig in a poke, is it not? No funding is attached to it. How will a deprived community where many are unemployed, have modest incomes from low-paid employment or are losing their jobs as a result of the cuts to which I referred be able to exercise the community right to buy if the people there do not have the wherewithal to do so?

Before the election, the Conservative party gave a commitment on the community right to buy that the community would be given the right of first refusal. As I understand it, that commitment has now been withdrawn. I would be interested to hear the Minister's comments on that point.

The hon. Member for Staffordshire Moorlands (Karen Bradley) made a point about supermarkets. I take the Chair's guidance that it was not directly related to the topic, but it is important to acknowledge that competition from supermarkets is having a detrimental impact on the viability of community pubs. Again, the Government have failed to take decisive action to tackle the minimum price. They should have gone somewhat further to address it.

The hon. Gentleman discussed the need to strengthen planning legislation. I agree absolutely, but he slightly contradicted himself in the latter part of his speech. In his conclusion, he said that more regulation was not required; I think he said, "We don't want more regulation." He will correct me if I am wrong, but he said that stronger planning powers are needed. I agree with him, but what is that if not greater regulation? I accept that regulation can be a force for good in certain circumstances, but over-regulation of the sector can be problematic and a barrier, as can set-up costs, and those issues need to be addressed. I support his aims, but there is perhaps a weakness in his argument. He might consider that, because I know that he feels strongly about the issue and has done a lot of good work to lead the charge on it.

I am also interested to hear the Minister's comments about the regrettable decision to scrap the Labour Government's proposed community-owned pubs support programme, which would have provided resources to enable communities to save community pubs from closure.

Graham Evans (Weaver Vale) (Con): Does the hon. Gentleman agree that planning law should be strengthened? You just mentioned that it should be.

Mrs Anne Main (in the Chair): Order. I have not mentioned anything about planning laws, but I hope that Chris Williamson will respond to that.

Chris Williamson: I was merely referring to the hon. Member for Leeds North West, who discussed the need to strengthen planning laws to give local authorities greater powers over the closure of community pubs. I support him on that. The point that I was making is that strengthening planning powers for local authorities amounts to greater regulation, so in certain circumstances, stronger regulation can be a force for good. It can be beneficial in helping promote the campaign that he is pursuing.

The community-owned pubs programme has been scrapped. The Government had set aside £3.3 million—not a huge sum, but significant—which would have gone a long way towards assisting many community pubs to remain open. The chief executive of the Plunkett Foundation, which was charged with administering the fund, said about the decision to scrap the programme:

> "This is devastating news for each community that had hoped to save their local as a co-operative. The government has turned its back on communities that were looking to take more responsibility over their everyday lives."

It seems that the Government propose to replace a meaningful Government initiative, which would have provided resources for practical action to save a considerable number of community pubs, with a mere information leaflet, which will be distributed to local communities. That is no substitute for a properly funded initiative that would have gone a long way in saving community pubs. That was a mistake, and I would be interested to hear the Minister's comments on it. He is quoted as saying:

> "Pubs don't want state handouts. The new government is to give local communities new powers to save local pubs."

However, as I have already pointed out, the Government's proposed power will be meaningful only in those communities that are relatively well heeled and that therefore have the wherewithal to provide the resources necessary to exercise a community right to buy.

Nigel Adams: Is it not the case that the previous Government had 13 years to do something positive about protecting pubs? People had money in their pockets then, but the previous Administration failed to do anything.

Chris Williamson: I do not understand the hon. Gentleman's intervention. I have already made the point that the previous Labour Government set up the community-owned pubs support programme, which his Government have scrapped. We did take positive action. I accept that too many pubs closed and that perhaps more could have been done. We can always do more, but we took appropriate steps and ensured that people in the public sector were in employment and that we kept unemployment lower than it would otherwise have been. As I have already said, unless people have unnecessary money in their pockets, the hospitality trade and community pubs will suffer as a direct consequence.

Nigel Adams: Will the hon. Gentleman enlighten Government Members on when that much-vaunted policy was announced?

Chris Williamson: The hon. Gentleman is trying to make a cheap point, because he knows very well that it was towards the latter end of the previous Government. *[Interruption.]*

Mrs Anne Main (in the Chair): Order. Will hon. Members please not make remarks from a sedentary position? I would like to hear what Chris Williamson has to say.

Chris Williamson: Thank you, Mrs Main. The reality is that we took action. On another point, we took the necessary steps to stop the economy going into a complete tailspin. I repeat the point that I have already made and make no apologies for doing so: people need income in their pockets from employment, and the measures that we took to keep unemployment lower than it would otherwise have been helped ensure that more pubs did not close. I regret to say that this Government's measures have taken away the direct support by scrapping the community-owned pubs support programme. They are also introducing new powers that only relatively affluent communities will be able to utilise, and are taking economic decisions that will have a much bigger impact on the future viability of community pubs, because unemployment will certainly increase and many more pubs will close as a direct consequence.

I do not want to take up much more time, because that would eat into the time for the Minister's wind-up speech.

Jason McCartney: I would be interested if the hon. Gentleman could name a single pub in Yorkshire that was saved by that scheme. Dozens of pubs closed in my constituency during his Government's last five years.

Chris Williamson: I hope that the hon. Gentleman will forgive me for not knowing the names of pubs in Yorkshire. I am a Derby MP and, as I said at the outset of my contribution, I am teetotal and very rarely frequent pubs. Pub names are not one of my strong points. I could not even name too many pubs in Derby, but I recognise the central role that they play in the local community.

I will finish by addressing the comments made about the big society. The notion that, somehow, the nebulous concept of the big society will be the saviour of community pubs and that Ministers on the white charger of the big society will ride to the rescue is, in reality, a fantasy. In my view, the big society is nothing more than a 21st-century version of the Poor Law. If hon. Members view that as the way to protect community pubs, I am sorry but they will be sadly disappointed.

3.45 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): It is an absolute delight and pleasure to serve under you, Mrs Main. I also warmly welcome this debate and congratulate my hon. Friend the Member for Leeds North West (Greg Mulholland) on securing it, on the constructive way in which he made the case for assisting community pubs, and on the excellent work that he rightly does as part of the all-party save the pub group. I also pay tribute to my hon. Friend the Member for Burton (Andrew Griffiths) and the all-party beer group. All such groups and bodies are important players in the conversation that, as my hon. Friend the Member for Leeds North West has said, we are having, and I promise him that we will continue to have it. It is an important issue. I appreciated the seriousness with which a number of my hon. Friends intervened to raise examples to reinforce a number of my hon. Friend's legitimate points.

I will say this as gently as I can, but the shadow Minister, the hon. Member for Derby North (Chris Williamson), may not have quite caught the mood of the debate to a nicety. It was not a partisan debate. If people want to play it along partisan lines, I can point out that, in 13 years of the previous Government, the situation developed, got worse and not much was done—an initiative 12 weeks before the general election was scant and shoddy recompense.

The hon. Gentleman did, however, remind me of a story about John Costello, the former Irish Prime Minister. He had lost a general election and was driving with his Attorney-General to the presidential palace to hand in his resignation. Their car had to stop at a crossroad, on to which a fight spilled out from a public house. Costello turned to his Attorney-General and said, "Do you know, I've never been in a pub in my life," to which the Attorney-General replied, "Well, if you had, we might not be going to hand in our resignations now."

I do not have to confess—I think it is well known—that I occasionally use a public house. I have certainly assisted my hon. Friend the Member for Burton in adding to the heaving numbers in a public house in Uttoxeter. I am conscious, from my own constituency as well as from my visits around the country since my appointment, that public houses are a key part of the community. We have vibrant pubs in villages, in suburban areas such as mine, and in inner-city areas, some of which I see when wearing my hat as the Minister with responsibility for the Thames Gateway.

Of course, as my hon. Friend the Member for Leeds North West has rightly said, changing circumstances mean that, because pubs are businesses as well as community assets, they will sometimes come under pressure and some will not be sustainable. I have mentioned the east end of London. I visited some old friends in Poplar, where demand for pubs has declined due to the change in the demographic of its population, so not all its pubs are likely to survive. It is important to recognise—I am grateful that my hon. Friend did—that we have to bring that balance into the equation. Equally, I think we have all come across the sort of cynical behaviour whereby viable public houses are sold, sometimes over the heads of the tenants, the landlords or the community. My hon. Friend has quoted a number of examples and, during a Localism Bill Committee sitting, I referred to one in my own constituency. The absentee landlord of The Broomwood pub, in Sevenoaks Way in Orpington, has deliberately run it down so that its value as an asset is diminished, in order then to seek planning permission to turn it into a McDonald's. I am no more likely to frequent a McDonald's than the shadow Minister is to frequent a pub. It would certainly not have been a good result for that community, and I think there is common ground between us on that point.

Justin Tomlinson: That can also be the case before a pub has even been built. In new developments—a lot of my constituency is new development—space is allocated in the master plan for a community pub. The developers deliberately do not sell it—as is the case with our local brewery, Arkell's—and they then try to come back and say that the only demand is for additional housing.

Robert Neill: My hon. Friend is right. I shall refer to some of the planning proposals we are seeking to make, which I hope will deal with some of those situations.

The Government are seeking to approach the matter against the background of recognising that there must be a sensible balance and that, of course, it is sometimes legitimate to regulate to protect community interests. However, we are also dealing with businesses that need to be kept viable and remain attractive for investment, so as my hon. Friend the Member for Leeds North West said, it is important that we deal with the matter in reasonable and proportionate way that does not build in inflexibilities that might discourage people from investing in the public house trades. We must get the balance right and I am grateful to my hon. Friend for his contribution to helping us do that. I would rather deal with the matter in a considered way than engage in grandstanding, because there are opportunities that will come to us.

Let me consider some of the points that were raised. It is worth saying that the current national policy—planning policy statement 4—is perhaps not used as fully as it could be. I accept that point, and outside this Chamber I will happily take up with my hon. Friend ways in which we can ensure that local authorities are made aware of their existing scope. For example, PPS4—planning for sustainable economic growth—asks local authorities proactively to plan and promote competitive town centre environments to support shop services and other things that have small-scale economic uses. That can be taken to include public houses. My hon. Friend indicated that some local authorities are doing that, and I applaud them for doing so. Some of the public houses we have referred to might be in conservation areas or might have a particular merit, such as listing and so on. There are other forms of protection.

When determining applications affecting premises such as pubs, current policy also enables local planning authorities to take into account the importance of the facility to the local community or the economic base in the area. However, I acknowledge that that is not doing enough to slow down the attrition rate of pubs. Therefore, we are determined to simplify the system. My hon. Friend is right: the national planning policy framework is the appropriate vehicle for doing that. Since the Town and Country Planning Act 1947, most planning policy has been dictated by guidance rather than through primary legislation, which has tended to be enabling. That is the route we intend to adopt.

We are committed to taking the existing protections that it is appropriate to continue with, simplifying them, amplifying them where appropriate and publishing a comprehensive, single, streamlined national planning policy framework. We are aiming to do that by April 2012. We will start to consult on that later this year, and I very much hope that my hon. Friends and the organisations in their constituencies concerned about the issue of planning and public houses will contribute to the consultation. That will also include planning for community and other leisure facilities. The linkage about encouraging live music, for example, that my hon. Friend the Member for Hove (Mike Weatherley) referred to, is absolutely right. That is why, separately, the Government are proposing to reform the licensing law to make it easier for live entertainment to take place without some of the bureaucratic licensing requirements, particularly in smaller venues. I hope that that will add to viability, which is an important consideration here.

Two matters are important in relation to the Localism Bill. First, we are introducing neighbourhood planning, which will give neighbourhood communities a greater chance to shape their area in planning terms. Communities will be able to set policies for the development of their area, subject to the constraint that what they say must be in general conformity with the overall strategic policies of the local authority's development plan, and that it will be subject to the national policy set out in the NPPF I referred to. Within those constraints, communities will be able to say what sort of developments—within reason—are acceptable or not acceptable and where. That is an important tool, and I hope it will enable people to have greater protection.

Such an approach will also give communities greater flexibility in expanding. Sometimes that is right because, for example, there might be a demand for additional housing in a village area. Incremental growth is not easy to achieve under the current planning system, so there is a greater pressure to convert the use of a public house to housing. Our proposals will make it easier for a neighbourhood to expand organically and therefore, I hope, to still keep the public house in existence.

Mr David Lammy (Tottenham) (Lab): Will the Minister give way?

Robert Neill: Yes, of course. I think I know what the right hon. Gentleman is going to ask about, although I have to say that he has not been present during the debate.

Mrs Anne Main (in the Chair): I was just about to say that the Minister is winding up. This is an hour-and-a-half debate and the right hon. Gentleman has not been here for the entire debate. However, the Minister has given way.

Robert Neill: I have given way, but I hope that the right hon. Gentleman will be brief.

Mr Lammy: The Minister is aware that I have been concerned about these issues for some time. Will he say a little bit more about the legal status of the neighbourhood plan? He will be aware that The Oakdale Arms on Hermitage road, Tottenham is facing demolition in March, and there is real concern that the local community has not been involved.

Robert Neill: We have already set out the proposals we are intending to make, and there should be a referendum—an independent check—to make sure that the neighbourhood plan, once it is in place, is in conformity with other policies and that there is support from the community. The details are available in a guide to neighbourhood planning, which is on the Department's

[Robert Neill]

website. When the right hon. Gentleman has looked at that, perhaps other hon. Members who are interested in the matter will have the chance to look at it.

As well as neighbourhood planning, there is the community right to buy. That gives a fair chance for communities to bid to take over assets and facilities that are important to them. Community right to buy is triggered by assets being listed, so it is an important power for community groups to take the initiative to list them. I do not pooh-pooh the community right to buy, as the hon. Member for Derby North did. Potentially, it is a powerful tool, and there are good examples where it has already been taken on. We have published a consultation document setting out details of how that scheme works. It will be underpinned by regulations to deal with the process. That consultation ends on 3 May and as I said, I hope that hon. Members and interested groups will contribute to it. Some of the details that my hon. Friend the Member for Leeds North West fleshed out are exactly the sort of issues I promise him we want to take on board during the consultation.

I understand my hon. Friend's point about the moratorium, and I would like to consider the matter in that context. The only query is whether too rigid a moratorium could itself create injustice in certain circumstances—for example, where the legitimate collapse of a business through commercial misfortune, as sometimes happens, triggers the need to realise assets quickly. It is about getting the balance right. I would not want to discourage people from investing in pubs, which might happen if they thought they could not always get their assets out again. However, there is more work that we can and will do on that.

On change of use, as was said, when used properly, there is already an ability to import viability into the test. Local authorities can remove committed development rights under the existing use classes order through what is called an article 4 direction. However, as part of our reform of planning policy, we intend to consult more generally on reform of the use classes order. Again, there is an opportunity for that conversation to continue. Similarly, as my hon. Friend says, we have announced a review into the use of covenants, which can be used to prevent a fair playing field for communities when public houses are sold on.

On the question of demolition, I pay tribute to my hon. Friend the Member for Selby and Ainsty (Nigel Adams) for his private Member's Bill. In the past, demolition has been excluded, but we are prepared to look carefully with my hon. Friend and other hon. Members at whether there is some means by which we can, perhaps in the context of the community right to buy, extend planning control to the demolition of community assets. That might be a means by which we can achieve a proportionate solution. I hope the door is open to my hon. Friend in that regard.

I am sorry that there is no time for me to say more. However, I hope I have shown that we take the comments of my hon. Friend the Member for Leeds North West in the spirit in which they were intended. I congratulate him on what he has done. We will continue to have a conversation on those specific points.

Renewable Energy (The Humber)

4 pm

Andrew Percy (Brigg and Goole) (Con): It is a pleasure to serve under your chairmanship, Mrs Main.

I would like to begin by thanking the Minister, who has already provided a huge amount of support to the Humber MPs in our campaign to make the Humber a renewable energy centre. He is already aware of much of what I will say today and we are grateful for the support that he has given. There are a couple of issues on which we would like to pin the Minister down, in the best sense of the phrase, as we try to move our campaign forward.

The campaign has support across the Humber and I assure you, Mrs Main, that the absence of other Humber MPs is not due to lack of interest. My neighbour, the hon. Member for Scunthorpe (Nic Dakin), is at a Select Committee hearing outside Westminster today. My hon. Friend the Member for Beverley and Holderness (Mr Stuart) is away on parliamentary business, as is, I believe, the hon. Member for Great Grimsby (Austin Mitchell). However, this is a campaign that enjoys strong support across the banks of the Humber in north Lincolnshire and east Yorkshire. We are concerned primarily with doing what we can, as local MPs, with the support of our local councils and businesses, to ensure that we become a centre for offshore wind, and potentially a centre for wave and tidal power and other renewable energy opportunities, such as bioethanol. With your permission, Mrs Main—I have had contact with the Minister on this—my hon. Friend the Member for Cleethorpes (Martin Vickers) will speak for five minutes of my time.

Mrs Anne Main (in the Chair) *indicated assent.*

Andrew Percy: Thank you, Mrs Main. I will focus most of my comments on wave and tidal technologies and the bioethanol industry.

I think that we all agree, across the House, that we want to ensure that the UK plays its part in the renewable energy sector and that we are not left behind as we have been in the past, particularly with onshore wind. Our campaign on renewable energy, as broad as it is, does not extend quite as far as onshore wind. The Minister is aware of our particular issues with onshore wind locally, but I just place them on the record again. As a country, however, we have missed the boat on manufacturing for onshore wind and we do not want to fall behind with the new technologies.

Why the Humber? Well, apart from the fact that everybody knows it is the best area in the UK in which to invest, has the best people and is potentially represented by some of the best people—I exclude myself from that; I talk of course of my neighbours—in the past 10 years the area has not made the progress it should have done, and as other parts of the country have. We lost private sector jobs in the past 10 years at a time when the economy was growing, and we remain one of the poorest parts of the UK. We have, however, a great deal going for us too: deep sea ports, plenty of land for development, an excellent motorway infrastructure that is not congested in the way that it is in other parts of the country, and a long history of manufacturing and manufacturing skills

on which to build. As I mentioned, we also have strong support for this campaign from across the local area, including from some of our key stakeholders, MPs and councillors, but also from local newspapers. The *Scunthorpe Telegraph*, the *Grimsby Telegraph* and the *Hull Daily Mail* have been running their own campaign to support bringing more renewable energy projects to our area.

Jason McCartney (Colne Valley) (Con): I congratulate my hon. Friend on securing the debate. On the matter of support, he also has plenty of support from Yorkshire MPs, myself included. Offshore wind is important for my inland constituency, so that we do not have to have onshore wind farms dotted all over the beautiful countryside of the Colne and Holme valleys. It is also important because David Brown Engineering in Lockwood, Huddersfield, has a major contract to make the gears for offshore wind turbines. Hopefully the Humber will also play an important part in cutting our carbon footprint, as part of the array of carbon capture and storage that may go into the North sea, and bring jobs. My hon. Friend has plenty of support not just in the Humber region, but across the whole of Yorkshire and the north of the country. Thank you for this debate.

Andrew Percy: I thank my hon. Friend for that glowing pledge of support for the Humber, and that demonstrates a point I will go on to talk about. The supply chain for this industry will not be limited to the Humber—it will benefit UK plc. There will be jobs through the development of the renewable sector across the whole of the UK in manufacturing. I know that he will be at the forefront of campaigning for those jobs to go to his constituency of Colne Valley.

What we seek from the Minister is continued support in selling the Humber—I know he has responsibilities for the whole of England—and England, internationally. We would also welcome support from the Government in terms of the pressure they can apply to ensure that once agreements have been made, as they have been with Siemens, there are no glitches in the system. I also seek clarity about the framework in which we are operating. I will turn to that point first, in relation to wave and tidal technologies.

In terms of R and D, the UK is at the forefront of these technologies and there are huge opportunities, not only because we are an island, but because of the skills we have. There are massive opportunities along the Humber, which is served by several other tidal rivers including the river Aire, which I live next to, the Ouse, the Trent, and what we call the Dutch river, but which is the Don to everybody else. It is estimated that marine power has the potential to bring approximately 10,000 jobs to the UK by 2020.

There is a project on the Humber at the moment, the Pulse Tidal project, which is one of those great British entrepreneurial technologies. It started in someone's garage. After 10 years of working in someone's garage, that has now developed into a machine that is operating on the Humber, just off Immingham dock. It was funded 50% by the Government and 50% by private funds, and has been operating successfully since 2009. It cost £2 million to build, but the beauty of the project is that it used Corus steel and is maintained by another local company, Humber Work Boats. The next step of the development is a commercial scale machine, rated at 1.2 MW, which will be installed by 2013. There the good news tails off a little. It is likely that the commercial scale machine will go to Scotland, because the renewable obligation certificate scheme is more generous there. In fact, Bob Smith the CEO of Pulse Tidal, tells me:

> "The single biggest funding issue for us today is the market pull—at present there is nothing to incentivise investors to support a tidal power project in favour of a wind power project—they both receive 2 ROCs. Given that tidal is early in its development, comparable to wind about 15yr ago, it is more expensive than wind, and higher risk. Hence no investor would put money into tidal projects. With 5 ROCs in place for tidal, there is sufficient incentive to bring investors to the sector."

I know that there is a review of that scheme, but will it consider the current disparity between England and Scotland? The scheme is currently in favour of Scotland and we are at a disadvantage, so will the review recognise that?

I hope the Minister will consider the need for extra support for these emerging technologies, so that we remain at the forefront. We have had all that R and D. We have successful projects up and running, but we risk losing them overseas and missing out, just as we did with onshore wind technology.

What are the Department's plans for the longer-term capital support for this sector? The marine development fund is being phased out. Will that be replaced and what will be put in its place? There is a need for capital and revenue support to ensure that we do not miss out. I am sure that we will get that, because I know the Government are certainly committed, but we seek a clear commitment from the Government on the future of wave and tide.

Mike Weatherley (Hove) (Con): On losing industries overseas, does my hon. Friend agree that, given our heritage of petrochemical skills and a highly efficient agricultural base, it makes sense to have a bioethanol base here in the UK?

Andrew Percy: I will be coming on to talk about that exact point. As with the wave and tidal technologies, where we have the skills base and the R and D, the same applies to bioethanol. I seek those commitments in relation to wave and tidal. My hon. Friend's intervention moves me beautifully on to bioethanol.

The question, of course, is why bioethanol and why the Humber? My hon. Friend made the comments that I would have made about the petrochemical skills heritage in this country, so I shall not repeat them. We also have mandated targets for biofuels, so whatever people's individual views about biofuels are, the reality is that if we do not produce them locally in the UK, and specifically in the Humber, they will be produced elsewhere, and the jobs will be elsewhere.

As with wind—and, potentially, wave and tide, if we are not careful—the UK has been lagging behind. In 2008, France had 15 operational plants, Germany had nine and the UK had one large and one small plant. There is huge potential: as with wave and tidal technologies, the predictions for the industry are impressive. It could be worth as much as £3.25 billion to the UK by 2020, and could employ some 14,500 people. There is huge potential, in the Humber in particular, for the reasons that I have outlined in respect of infrastructure.

[Andrew Percy]

Two plants are coming to the Humber: Vireol will be running an industrial-scale wheat-based production plant in Grimsby from 2013, which should produce about 44 million gallons of bioethanol a year. I am told that that is the equivalent—my science was never very good—

Julian Sturdy (York Outer) (Con): I congratulate my hon. Friend on securing this important debate. I add my support to his campaign for the Humber, especially as I am a big supporter of wave and tidal. He makes a key point about bioethanol: it will be a huge economic driver for our region if we get it right. However, I add a note of caution, and would like to know what he thinks about it. Commodity prices are growing rapidly at present—

Mrs Anne Main (in the Chair): Order. Interventions should be brief. The hon. Member for Brigg and Goole wants to hear the Minister's response.

Julian Sturdy: The intervention is about commodity prices and the impact on food security.

Andrew Percy: It is an important point, and I will come to it. It is one of the criticisms—a misunderstanding, in my view—of what is actually happening. I shall first finish with the plants that are coming to the Humber. The effects of Vireol's production of bioethanol will be the equivalent of taking 60,000 cars off the road, and Vivergo will produce at a plant in Saltend.

My hon. Friend knows that we have not only in the Humber region but across North Yorkshire—on his patch—some of the most productive agricultural land in the country, so there is huge potential locally to benefit from bioethanol production. The concern he raises is one that many people raise, which is that we are taking land that could be used to produce food to feed our cars instead. However, the process that will be used at the Vireol plant will produce as a by-product a high-quality animal feed, and there is a difference between biodiesel and bioethanol.

The global annual production of the big four oil seeds that are used for biodiesel is about 120 million tonnes. To meet our 2020 target, 24 million tonnes would have to be used for biodiesel. For bioethanol, it is 1.7 billion tonnes of the big three grains, of which only 60 million are needed to produce bioethanol. There is a prediction that the UK could increase its production volumes up to about 20 million tonnes. That could be done while ensuring food security, and, as I said, the wheat-based process that will be coming to the Humber produces a high-quality animal feed by-product, so it is a win-win situation. We already export wheat for animal feed or bioethanol production overseas.

I have two quick questions for the Minister on bioethanol—I am conscious of the time. What in particular will he do to continue to support this important sector, which has the potential to bring many jobs to our region? And when, specifically, will the Government renew the 2020 targets, which are for 10% of our fuel production, so that the bioethanol industry can continue to secure investment?

I have cut down as best I can. With that, and with your permission, Mrs Main, I would like to hand over to my hon. Friend the Member for Cleethorpes.

4.13 pm

Martin Vickers (Cleethorpes) (Con): I congratulate my hon. Friend the Member for Brigg and Goole (Andrew Percy) on securing this timely debate. It has come at a time when north Lincolnshire, in particular, stands ready to take full advantage of the opportunities for jobs and growth. Many local companies, some of which were previously involved in similar activities such as supporting our offshore oil rigs, are well positioned to take full advantage of the development of offshore turbines. New training opportunities are being developed by local colleges, training providers and businesses, and there is massive public support following a particularly successful focus on the industry, which my hon. Friend mentioned, by local newspapers the *Grimsby Telegraph* and the *Scunthorpe Telegraph*.

My hon. Friend has articulated successfully the role that tidal and biofuels --

4.14 pm

Sitting suspended for a Division in the House.

4.29 pm

On resuming—

Martin Vickers: I was praising the *Grimsby Telegraph* and the *Scunthorpe Telegraph*, which is always a wise thing to do, especially as their reporter is present.

My hon. Friend the Member for Brigg and Goole has articulated the future impact of tidal, wave and biofuel energy, but I want to highlight the region's potential for placing the Humber at the centre of the offshore wind sector, not only in the UK, but in Europe and globally.

The area is ideally located. The Immingham and Grimsby dock complex is the largest in the UK, measured by tonnage. Since the decline of the fishing industry, Grimsby dock has been seeking a new role, and offshore wind could be the vital opportunity. Only a few miles away, Scunthorpe has steel production, and everything possible must be done to ensure that the various contracts filter down to small businesses, many of which have been struggling in recent months.

The region has several examples of where short-term investment could result in long-term growth and regeneration. For example, the regional growth fund is currently reviewing proposals, made in association with North East Lincolnshire council, to modernise, improve and update port infrastructure, which would provide for the construction of tailor-made facilities for the offshore wind sector. Such improvements, requiring investment of £1.8 million, would lead to real improvements within a planned 12-month time frame and to several potentially major contracts being finalised, possibly resulting in the creation of hundreds of long-term, sustainable jobs. Such contracts would directly affect investment and job creation, arising from the emphasis and support given to the Humber region.

One of the most exciting developments is proposed by Able UK on a 300 hectares site close to East Halton and North Killingholme. It could make northern Lincolnshire the capital of the offshore wind industry

and provide the potential for thousands of jobs over the next decade or so. Many of those jobs will come fairly soon with construction projects, and when linked to this country's commitments to increase dramatically our environmentally friendly energy supplies, green technology has the potential to create many new opportunities.

The production of renewable electricity in the UK has been growing by 11% per year since 2000, and the offshore renewables industry has been gearing up for growth. The Crown Estate has announced the successful bidders for each of the nine round 3 offshore wind zones within UK waters, and that will occupy the industry for at least the next 10 years. It has been brought to my attention that there may be some delay to round 3, but I hope the Minister will allay those concerns in his reply. Opportunities for growth opened up to the area with the supply chain for the Humber gateway site—the Able UK development—and also with the massive round 3 Hornsea site that is within 12 miles of Hull. When finished, it could generate up to 14% of the UK's total energy needs.

I urge the Minister to give a cast-iron guarantee that northern Lincolnshire and the Humber will receive Government support equal to that for other areas. Private enterprise stands ready to invest, but it cannot do it alone. We welcome the opportunities offered by port development grants, but the earlier we receive confirmation that the A160 into Immingham docks will be upgraded, the better. I appreciate that that is not within the Minister's brief, but it is yet another opportunity for me to mention the issue.

There is also the seemingly never-ending debate about Humber bridge tolls. The Treasury review into the tolls is a major step forward, and we look forward to its conclusion later this year. If the labour market is to function freely in the renewables industry—and other industries—and allow local workers to take all opportunities available, we must consign the debate on tolls to history.

Potential investors and current stakeholders remain concerned about long-term financial commitments and the speed at which planning applications are implemented. In a report on the potential of the UK's renewables sector, the offshore valuation group stated the requirement for new financing structures that complement the fundamental features of renewable energy infrastructure and are able to support the scale and speed of industrial growth. That is necessary to secure the UK as a centre for the global renewables industry.

So far, the Government have done a lot, which is greatly appreciated by local councils and other representatives from the industry. Nevertheless, we cannot do it alone. There is the possibility to create a great number of job opportunities in an area that has been in recession for too many years, and I urge the Minister to do everything in his power to help the area.

4.34 pm

The Minister of State, Department of Energy and Climate Change (Charles Hendry): It is a privilege to serve under your chairmanship, Mrs Main, particularly on a subject that I know is dear to your heart. I congratulate my hon. Friend the Member for Brigg and Goole (Andrew Percy) on securing this debate and on returning to a theme that he has become accomplished in discussing in this House. He and my hon. Friend the Member for Cleethorpes (Martin Vickers) make a powerful duo, and they are eloquent and dedicated advocates for the interests of their constituencies. They have worked hard to create a broad coalition on both sides of the House and of the Humber, and to bring together the interests of the local authority, the business community and the political representation in the Greater Humber area. That will ensure that we take maximum advantage of the benefits that undoubtedly exist. Contributions from other hon. Friends concerning how such opportunities can benefit their constituencies have also been encouraging, and we have heard from my hon. Friend the Member for Colne Valley (Jason McCartney), and about the interest in bioethanol from my hon. Friends the Members for Hove (Mike Weatherley) and for York Outer (Julian Sturdy).

This is a timely debate because we are looking at the potential for a huge regeneration in parts of the country that have been badly affected by economic decline over many years. One of the most exciting aspects of the renewable sector is the potential that it brings for economic prosperity in areas that have suffered badly. We must put this debate in the national context. The Government are committed to a major roll-out of renewables, because we believe that it will help to secure our long-term energy interests, help tackle climate change and meet our renewable energy targets for 2020 and beyond. It will also deliver many green jobs across the United Kingdom, revitalising our manufacturing sector.

The 15% target for renewable energy by 2020 is challenging, but we are sure it is achievable. We are on track for the first interim target of 4% renewable energy by 2011-12, and we have 25 GW in the renewable electricity pipeline. We should look at the resources around us—we have heard about how such resources play out for the Humber. Around these islands we have 40% of Europe's wind and some of the highest tidal reaches in the world. We are already global leaders in the offshore wind sector, with 1.3 GW of installed capacity.

This debate takes place against the background of the Government's commitment to localism, and we expect communities that accept renewable energy developments to receive distinct and specific benefits. We have mentioned the localisation of business rates, and we are looking at other ways in which communities can benefit from hosting facilities on behalf of the wider national interest.

My hon. Friend the Member for Cleethorpes discussed offshore wind. The Carbon Trust has estimated that the offshore wind sector could create 70,000 jobs by 2020. Last week, I was delighted to announce the grant of consent for the Humber gateway offshore wind farm, which will generate enough clean electricity for 150,000 homes. We put in place the offshore wind developers forum specifically to identify barriers. We are determined to drive that process forward as fast as possible, identify potential barriers to investment and do what we can to ensure that they are dealt with and do not become insuperable. We still need an acceleration in deployment and technical advances to realise the potential of offshore wind.

UK manufacturing activity will be key to realising the economic potential offered by offshore wind across the whole supply chain, and I am confident that the offshore wind sector will grow substantially in the coming

[Charles Hendry]

years. We are determined to avoid mistakes that we have seen in the past, where although our waters contain some of the largest offshore wind farms in the world, the jobs and contracts go to mainland Europe or the far east. In taking forward the next stage of offshore wind development, we must ensure that those jobs come to the United Kingdom.

We are the world's leading market, and any company that is keen to invest in the offshore wind manufacturing chain should be looking at Britain. The contribution made by Siemens, and its determination to build in the UK, and the interest we are seeing from Gamesa, GE, Mitsubishi and other companies shows the extent to which Britain will be a global leader in this technology.

We are looking at making larger turbines than have been developed before. They need to be more reliable than those used for onshore wind, and to have deep foundations and undersea cabling. That means that they will be harder to transport than some of the turbines used for onshore wind, and there is a strong case for that manufacturing to be done locally to market.

I support the work that has been done on both sides of the Humber and, indeed, in other parts of the country to showcase the benefits of this technology for potential investors. It is also interesting to see the work that well-established local companies are doing to give themselves a new direction. For example, Cosalt, which was originally known as the Great Grimsby Coal, Salt and Tanning Company when it was founded back in 1873, now provides engineering, safety and inspection services to the wind energy sector. That typifies the economic development thinking in the area. There is no doubt that such activity should provide a major boost to the British economy, and there is every reason for us to hope that the ports along the Humber will be able to develop from that.

Of course, this issue is not just about wind power. One of the most exciting aspects is how the renewables sector brings together in specific locations a raft of different technologies and the contributions that they can make. Biomass is part of that. In 2009, biomass electricity provided 87% of total renewable generation in the Yorkshire and the Humber region. There is no doubt about the significance of the contribution that it can make.

My hon. Friends spoke about the importance of bioethanol and the leadership that Britain ought to be looking to establish in this sector. Bioethanol offers one of the few options in the short term for tackling greenhouse gas emissions and for meeting our renewable energy targets in the transport sector. We are considering the opportunities that can be provided through eligibility to benefit from the renewable transport fuel obligation and the renewables obligation. As my hon. Friend the Member for Brigg and Goole set out in opening the debate, we are looking at the renewables obligation, and this issue can be part of that process, although as he will understand, it is my colleagues in the Department for Transport who lead on those issues.

We are also committed to harnessing the benefits that a successful marine renewables sector can bring to the UK generally and, within that, to the Humber area. The schemes to which my hon. Friend referred show some of the thinking that is going on. This is a fast-moving sector. As he has said, the struggle is in getting things to a commercial scale. What we have seen in looking at the schemes that were in place already—the marine development fund and particularly the deployment fund—is that the bar was set too high to be relevant to the stage that the industry is currently at.

We have examined how we take the technology further and faster. Its development is an explicit written element in the coalition agreement, which is at the core of what we are trying to do in the Department of Energy and Climate Change. The benefits go well beyond providing us with secure, clean electricity, because there is an opportunity to build a new manufacturing sector in the UK, which will create new jobs and grow economic opportunities both at home and globally.

That will happen only if we ensure that we capitalise on the hard work that the sector is doing already and ensure that the right foundation is in place on which to build success. We have established a marine energy programme, and we now want to ensure that small, dynamic companies have every reason to stay in Britain by putting in place a network of marine energy parks around the UK. That will enable us to take forward the technology and ensure that those emerging companies want to develop in the UK, rather than, as we have seen too often in the past, taking their technologies elsewhere in the world.

We have brought forward the banding review for renewables obligation certificates by a full year, so that we can provide much greater certainty to investors. The difference between different parts of Britain—the difference between ROCs support in England and in Scotland—will feature in that, although of course the level at which support is set in Scotland is a matter for the Scottish Government and the same applies in Northern Ireland.

We can offer a real opportunity to take forward these technologies in this country. Our objective must be to remove barriers, to encourage investment and to ensure that we identify where the challenges are, so that the potential throughout this country can be achieved. This has been a short but important debate. The Humber has a very important contribution to make to the renewable energy future of this country, and I again pay tribute to the Members of Parliament who are representing the area for the determination and assiduity that they have brought to its cause.

Financial Mutuals

4.44 pm

Mr Gareth Thomas (Harrow West) (Lab/Co-op): I am grateful to Mr Speaker for offering me the opportunity to have this debate. At the outset, I need to declare that I have a mortgage with Northern Rock. I am privileged to be chair of the Co-operative party and one of the party's 28 Labour/Co-op MPs. It is in that spirit and with their support, but from the Back Benches, that I have sought the debate.

Yesterday, as the Minister will recognise, was business as usual for banking. Barclays bank was carrying on as if Ministers had never been worried about its bonuses or its profits. This is also the week for yet another re-launch of the big society. It is a concept in crisis, unloved by many of the Minister's colleagues and viewed with profound scepticism by many people in the charity world. What better time, then, for the Minister to offer up a vision—and, crucially, the action to back it up—of the big society that is not an excuse for an attack on public bodies and hard-working public servants, but that instead leads to real change in an area of the corporate world, financial services, where the whole country has wanted a change in culture and behaviour?

Despite a coalition commitment to help mutuals, thus far in financial services there has been little of note. Mutuals and financial mutuals in particular are proof that there is another way—that, important as the public and shareholder-led private sectors both are, there is a way to combine the best of both traditions, to drive enterprise, to foster ambition and to cherish community throughout our country. Financial mutuals, building societies, friendly societies and credit unions were not responsible for the global financial crisis. They do not have a culture of large dividends or excessive bonuses, and they have much more, surely, to offer, but astute Government regulation will be required to foster and encourage the sector.

Both my parties—the Co-operative party and our sister party, the Labour party—were right to call for the remutualisation of Northern Rock at the last election, and I urge the Minister now to set out clearly the Government's position on that issue. The Banking (Special Provisions) Act 2008 allows state-owned banks to be converted into mutuals. That could be by sale, merger with an existing mutual or the creation of a new entity.

The long-term ownership solution for Northern Rock should take into account some key principles. Taxpayers should not be out of pocket as a result of the change. Hard-working families and small businesses should be protected. The institution that emerges should be secure and responsible and add to the financial stability of the UK economy. The new organisation should act in the long-term interests of its customers.

Jonathan Evans (Cardiff North) (Con): The hon. Gentleman knows that I share his interest in the promotion of mutuality. I am therefore a little disappointed by this being couched in Labour terms. Does he not think it would be helpful if the proposition put to the Minister were that there should be a proper review and examination of the opportunity of mutuality in relation to Northern Rock, rather than it being asserted to him that that is the only option? We should be examining it as fully as we examine any other option.

Mr Thomas: I end up at the same point as the hon. Gentleman, although I took a different journey to get to that point. I will come back, if I may, to the excellent work he has been doing in chairing the all-party inquiry into financial mutuals.

An expert think-tank based in the university of Oxford set out in September 2009 how and why Northern Rock could and should be remutualised, ensuring that its debt to the taxpayer was paid down, creating a stable financial services provider and constraining it from making the previous mistakes, while helping to secure a more competitive retail financial services market.

The next step, which the hon. Member for Cardiff North (Jonathan Evans) hinted at, would be a full feasibility study examining in detail the financial, governance and leadership issues in respect of a remutualisation. Will the Minister encourage such a feasibility study to be undertaken, either as a Green Paper examining the issues in all their complexity or, if the Treasury wants to maintain some distance, requiring UK Financial Instruments to do that instead? In short, will he now actively investigate the feasibility of the case for remutualisation?

In 2003, PA Consulting Group—not a body that one would naturally think of as being on the left—published an interesting analysis of the relationship between the profits of commercial banks and the market share of mutuals. In short, as mutuals gain market share—in other words, as competition between the various private banks and their mutual competitors increases—bank profits from the retail banking market come down. Potentially, that gives the Minister a significant opportunity to deal with the criticism that, under a Tory-led Treasury, it is business as usual for the banks; he can promote greater competition through the growing mutual sector.

The biggest advantage that mutuals can offer is their long-term view. They are not faced with the short-term need to secure profits. Indeed, Nationwide estimates that the mutual pricing benefit that it enjoyed between 1997 and 2007 because it did not have to put shareholders ahead of members totalled some £3.7 billion. New research, using the published accounts of six shareholder-owned insurers, shows that more than £2.2 billion was paid to shareholders in dividends. That is the dividend drag—the loss incurred by all who seek insurance as a result of buying from a business owned by shareholders. That helps to explain why mutuals, which do not suffer that drag, typically pay higher investment returns, provide better standards of service and pay more claims.

Treasury and Financial Services Authority orthodoxy appears to be that corporate form does not matter, but that what counts is what those various corporate bodies do for their consumers. Such a view is simplistic and not sufficiently considered to warrant the hands-off approach to corporate diversity that often appears to characterise the approach of the FSA and the Treasury. Let me be clear: I do not advocate a mutual-only way, but robust diversity is important in ensuring real competition and giving consumers a real series of options in the market.

New capital rules being introduced in the wake of the global financial crisis may give rise to insufficient care being given to protecting and increasing the remaining strength of the building society movement. The FSA's new interpretation of the rules on capital may, over a number of years, bring about the end of friendly societies. Both sets of draft capital requirements could profoundly

[Mr Thomas]

damage the competitiveness of financial mutuals, and they do not reflect the fundamental difference between financial mutuals that are run for members, and the basic banks or private insurers, which are run for shareholder gain.

The European capital requirements directive is designed to enable financial services businesses better to absorb losses following the introduction of the new Basel standards. I accept that that is an important part of the response to the global financial crisis; it focuses on improving the quantity and quality of capital, particularly what is called core tier 1 capital. Over the last 20 years, building societies' capital reserves have been supplemented by permanent interest-bearing shares. However, they will not meet more demanding definitions for core tier 1 capital.

I recognise that building societies need to have access to new ways of securing capital that are permanent and that fully absorb losses. At the moment, the rules are being framed with only one type of corporate form in mind—the private bank. They do not recognise the fact that mutuals are structured and function differently, providing value to their customers over the medium and longer term. If building societies are forced to adopt plc-like capital, they will have to adopt plc-like behaviour. Building societies are trusted, safe and responsible precisely because they are not part of what "St Vince" calls the casino economy. Surely it would be a mistake to force upon them a new type of equity capital that would import excessive risk-taking.

I realise that there has been movement in the discussions between building societies and the Government on this matter, but I ask the Minister what progress has been made—and, just as important, what has he done personally to move things forward with his European counterparts?

There has been less progress in discussions with friendly societies. The FSA, revisiting its own rule book, seems hellbent on clinging to a piece of legal advice that has not been shared with the industry and which is at odds with every legal opinion that the industry has received. It seems to be based on a ministerial view from the mid-1990s that the then Minister publicly acknowledged was not intended for mutuals. Why cannot the FSA share its legal advice with the industry? If its motivation is that it does not want to damage friendly societies, why cannot a joint solution be found? If a solution cannot be found, mutual insurers would have to pay out a significant proportion of the capital held in their organisations; the consequence of that could be that they had little or no working capital and would have to shut up shop or demutualise.

I am grateful that Hector Sants attended the inquiry of the all-party group on building societies and financial mutuals, but frankly I doubt whether he has yet grasped the seriousness of the situation that friendly societies face as a result of his organisation's proposal. Even now, I hope he will agree to an urgent review of the FSA's legal advice and step up efforts to find a solution. If he does not, and if the Minister does not intervene, consumers will have less choice, plcs will take greater profits and customers will face higher charges. I would welcome the Minister's response.

The Minister is responsible for ushering in changes to financial services regulations. They offer the opportunity to lock in a new requirement to champion corporate diversity and, crucially, new structures to ensure that we have people of sufficient calibre and status in the regulatory landscape to deal with building societies and friendly societies. Will the Minister support a requirement to promote corporate diversity in financial services when bringing forward the Bills to set out new arrangements for the City? What action is he taking to ensure that mutuals will be the responsibility of those high enough in the pecking order to make a difference when needed?

I turn to credit unions. The Minister will recognise that there is widespread concern about high interest rates for consumer credit and the activities of illegal loan sharks. I hope he realises the opportunity that properly managed credit unions can provide in meeting the needs of those wanting relatively small sums of money at affordable rates. Access to credit unions in the UK has been growing. For example, I understand that Wales has a credit union in every part of the country. That is not the case in England, although things have been slowly improving in recent years.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): My hon. Friend may be aware that access to credit unions in Scotland has improved of late. I hope he will join me in paying tribute to Hamilton credit union, which is developing financial services for children and young people to help get them into the culture of saving, so that in future they will be more financially responsible.

Mr Thomas: I welcome the progress that has been made in Scotland, and particularly the work of the Hamilton credit union outlined by my hon. Friend. What action will the Minister take to champion the further growth of credit unions across the UK?

Mutuals make a vital difference by generating more competition in financial services, and they help to create more value for the consumer, as opposed to the shareholder. I look forward to the Minister's response to my questions.

4.58 pm

The Financial Secretary to the Treasury (Mr Mark Hoban): It is a pleasure, Mrs Main, to serve under your chairmanship for the first time.

I congratulate the hon. Member for Harrow West (Mr Thomas) on securing this debate. He roots his support for financial mutuals in the co-operative movement, which he represents in the House. Many on the Government Benches would see financial mutuals as a coming together of communities to meet the needs of their members, which may be an early articulation of the big society.

We should not forget the role that mutuals play in providing financial services. They hold about 20% of UK retail deposits, and provide financing for 17% of outstanding UK mortgages—including mine. They employ 70,000 people and half of the UK's population are members of mutuals. The one member, one vote ownership model sets mutuals apart from their plc peers, as it enables them to focus solely on the needs of their members. It is unsurprising that mutuals frequently rank highly in surveys of customer satisfaction. As we know, many mutuals operate in areas of economic and social deprivation throughout the UK. They provide services that would be seen as sub-scale for big banks,

including as the small loans offered by credit unions whose customers might otherwise turn to doorstep lenders.

The hon. Gentleman made an important point about access to credit unions. When I read the transcript of a recent debate on high-cost credit, I was struck by the fact that one of the challenges is to increase access to credit unions as an alternative to doorstep lenders. In a moment, I shall discuss some of the measures that we will take. It is the importance of mutuals and the choice and diversity that they provide that drives our commitment to see them thrive and prosper.

The causes of the financial crisis have been stated many times, and I do not intend to rehearse them here. None the less, it is important that we learn from the crisis and take steps to ensure that the same mistakes are not repeated in the future. The Government want to create a financial services sector that works differently and is driven by different values, which is why we are committed to implementing measures that will foster diversity in financial services, promote mutuals and create a more competitive banking industry.

The Government have established an Independent Commission on Banking to make recommendations on both structural and non-structural measures to change the banking system and promote stability and competition for the benefit of both consumers and businesses. A strong sustainable mutual sector, which has the ethos of working in the interests of members, can support that.

We must be realistic and recognise that the financial crisis and the subsequent economic climate have posed many challenges for mutuals. Those challenges include greater competition for retail deposits, more intensive supervision and tougher capital requirements. I do not apologise for the tougher regulatory environment that we are now in. Adapting to this new world has been, and remains, a key challenge for financial mutuals as well as for the whole financial services sector. The Government are keen to ensure that the legislative framework is in place to enable mutuals to fulfil their role.

There are number of changes to which we are committed to help create a more equal playing field in financial services. Let me turn now to the point about capital that the hon. Gentleman rightly raised. We are committed to achieving high capital standards across the financial sector, including for mutuals. At the same time, it is right that we have capital requirements that are appropriate for mutuals. The Government seek to address that issue in negotiations on the capital requirements directive. This is a matter that the Treasury and I take very seriously, and we are leading the debate on this in Europe to ensure that the specific nature of mutuals is taken into account while, at the same time, not compromising the quality of capital in the banking system. We expect a proposal from the Commission on that later in the year.

I say to the hon. Gentleman that one of the driving forces behind our reforms on capital is that we want to ensure that financial institutions never again turn cap in hand to the taxpayer for financial support in a financial crisis. That is why it is important that all deposit-taking institutions, regardless of their form of ownership, have access to loss-absorbing capital.

Capital is a key issue for mutual insurers, too, which is why the FSA is considering the use of with-profits funds. It will be publishing a consultation paper on that shortly. I do not want to pre-empt the proposals that have been made today, but having extolled the virtues of the mutual model, it is reasonable to expect that mutual with-profits policyholders should expect at least as favourable an outcome, if not a better outcome, than proprietary with-profits policyholders. It is important that mutual insurers ensure that they treat their with-profits policyholders fairly, too.

Jonathan Evans: The hon. Member for Harrow West (Mr Thomas) alluded to the previous ministerial statement. He knows that it was a statement that I made, but it related to the position of stock-owned companies. It deliberately excluded the position of mutuals, because it was an assessment of what policyholders' reasonable expectations were and it was based on previous experience. Those factors have been erased from the way in which the FSA has taken the matter forward, so will my hon. Friend agree to revisit that area?

Mr Hoban: My hon. Friend makes an important point and it is one that he and I discussed before this debate. His argument, which he has expressed publicly, is that his statement was not intended to be applied to all forms of with-profits funds. The FSA is aware of that view. None the less, it is important that this issue is treated very carefully. I am well aware that for many mutual insurers, their capital comes from with-profits funds. Without that with-profits fund, they would not be able to function in the way in which they do now. It is also fair to say that for a proprietary-owned business, the with-profits fund belongs to its policyholders. We have seen a number of firms go through a reattribution process in recognition of the fact that those funds belong to the members of that fund. There is a challenge there that we need to address and we need to be very careful about the impact of decisions on the ecology of the mutual insurer sector.

Mr Thomas: As I suggested in my remarks, the FSA's position appears to be based on a particular legal opinion that it has secured. Will the Minister ask the FSA to revisit that legal opinion, bearing in mind that all the other legal opinions that the industry has received are at odds with that opinion? Will he also specifically ask the FSA to share that legal advice with the industry, as part of the process of trying to facilitate a solution?

Mr Hoban: The best route for resolving this is through the response to the consultation paper, which the FSA will publish later this year. It is for the FSA to decide whether or not it should disclose legal opinions, because it is an independent regulator. The consultation paper is an important way in which to resolve these issues.

I was talking about the need to create a modernised legislative framework for mutuals, and capital is part of that. The Government are also implementing legislation to allow mutuals to modernise the way in which they communicate with their members and to enable them to prosper. The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2010 has been a long time coming. It will be re-laid before Parliament

[Mr Hoban]

next month and will introduce many quite basic, yet far-reaching reforms that will enable credit unions to modernise and grow.

Damian Hinds (East Hampshire) (Con): Will the Minister give way?

Mr Hoban: I know that my hon. Friend, as chairman of the all-party parliamentary group on credit unions, will have a great deal to say on this matter, but may I just finish my point? I may even be able to answer his intervention before he makes it.

One of the biggest changes will be to allow credit unions to admit corporate bodies to their membership. Those new members will be able to deposit in and borrow from their local credit union, which provides opportunities for investment and growth in communities. Alongside that, various deregulatory measures relax the rules on age limits for memberships, year-end dates and the ability to offer interest on deposits. These proposals should increase the appeal of local credit unions to the local community and increase their steadily expanding membership still further.

Damian Hinds: Many of us are waiting with excited anticipation for the legislative reform order. What expanded role does the Minister see credit unions potentially playing as a result of the changes in the legislative reform order both in a big society context and in encouraging enterprise because of being able to work with corporate bodies as well as individuals?

Mr Hoban: It would be a way for credit unions to make the greatest opportunity of this. We are trying to open up more possibilities for the financial and mutual sector through a number of our measures. I go back to the debate about capital. One of the challenges that I put to the building society sector and others is that if it had the opportunity to raise more capital, what would it do with it. How would it benefit more people as a consequence of having that flexibility? I say to my hon. Friend that corporate members could include charities and voluntary groups, and their deposits could help credit unions to expand their base, so that they can lend more to local communities. There is an opportunity there for the voluntary service to help expand that base. That will also help to create a much more viable credit union sector. Like me, my hon. Friend will have had conversations with Mark Lyonette, who wants to make sure that we move the credit union sector on to a much more stable and viable footing, enabling it to take deposits from others and pay interest on them.

Chris Evans (Islwyn) (Lab/Co-op): The Minister may be aware that in Wales everybody has access to a credit union. Has his Department made any study of the policy of the Welsh Assembly in that regard?

Mr Hoban: That point about access to credit unions in Wales was made before the hon. Gentleman came into Westminster Hall for the debate. We need to learn the lessons. The Treasury is very open to new ideas and any thoughts that he has about why Wales has that degree of access to credit unions would be much appreciated.

We will also implement the Co-operative and Community Benefit Societies and Credit Unions Act 2010 once the legislative reform order comes into force. That will modernise the industrial and provident society name and the powers available to update the legislation in the future. Other reforms include a consultation on the use of electronic communications in the mutual sector. That consultation closed at the end of January, and we will lay an order shortly to enable mutual societies to have the option of using electronic communications to engage with their members, which would reduce their costs.

Before I go on to talk about the regulatory framework, let me address the issue of Northern Rock. That issue was raised in the Treasury Committee, and I am aware of the work that has been done on it by Kellogg college. There is a degree of elegant circularity about remutualising Northern Rock, given its antecedence. But of course the responsibility for managing the Government's investment in Northern Rock rests with United Kingdom Financial Investments Ltd. UKFI gave evidence to the Select Committee, and if the hon. Member for Harrow West reads the transcript of that sitting, he will see that it is open to ideas about the remutualisation of Northern Rock. The principal objective of UKFI is to promote and create value for taxpayers from its management of our stakes in banks, but it also has to pay due regard to financial stability and act in a way that promotes competition. Clearly a remutualised Northern Rock might help it to do those things.

Mr Thomas *rose—*

Mr Hoban: Before I give way to the hon. Gentleman, I will just say that the taxpayer has a £1.4 billion stake in Northern Rock, so any solution in terms of remutualisation would need to identify a clear way in which the taxpayer would receive a return on that investment. Furthermore, it is not clear how a large Government shareholding in a mutual would affect mutual status.

Mr Thomas: As I said in my opening remarks, I absolutely acknowledge the point about the taxpayers' interest in Northern Rock. However, rather than just allowing the people at UKFI to sit there waiting for ideas, will he write to them and specifically ask them to conduct a feasibility study into the remutualisation of Northern Rock, addressing the taxpayer issue that he quite rightly mentioned as well as other wider issues? Will he take proactive action on this issue?

Mr Hoban: If the hon. Gentleman reads the transcript of the evidence given by UKFI to the Treasury Committee, he will know that remutualisation is very much on its agenda. In conjunction with Northern Rock, it is about to appoint advisers to advise it on the disposal process. I know that UKFI is looking at remutualisation. However, I have yet to see a proposal that demonstrates why remutualisation is in the interests of taxpayers. Nevertheless, we are open-minded on this issue, and we will wait to see a viable proposal emerge.

Regarding the regulatory framework for mutuals, we will bring Northern Ireland credit unions within the regulatory structure that is in place in the rest of Great Britain. That will enhance consumer protection and

ensure that those credit unions become part of the Financial Services Compensation Scheme, which will enable their members to appeal to the Financial Ombudsman Service. It will also enable those credit unions to seek approval to enter new markets and therefore help them to grow. In addition, we are looking at the registration and regulation of industrial and provident societies as part of our review of the regulatory architecture. I know that that is a concern of the co-operative movement and we will seek views on it shortly.

The hon. Member for Harrow West raised the issue of an objective on diversity for the new regulatory structure. Again, that point has been raised with me before. My concern is to ensure that the new regulators, learning from the mistakes of the past, focus on what matters—confidence in financial services, and the stability and soundness of institutions. That should be their driving force and I do not think that an objective on diversity would fit within the new framework.

We want to see mutuals grow and thrive. We are introducing measures on legislative reform and new capital levels, and we are offering greater support to the mutual sector. Mutuals have a big role to play in the future development of financial services, and this Government are keen to do all we can to ensure that they continue to provide an important service to communities across the UK.

Question put and agreed to.

5.14 pm

Sitting adjourned.

Westminster Hall

Thursday 17 February 2011

[ALBERT OWEN *in the Chair*]

Rail Investment

Motion made, and Question proposed, That the sitting be now adjourned.—*(Miss Chloe Smith.)*

2.30 pm

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I am pleased to speak under your chairmanship, Mr Owen. I am delighted to have the opportunity to discuss rail investment in this Westminster Hall debate. I welcome the Minister to her place; I shall be listening carefully to what she has to say.

The Transport Committee published its report on priorities for rail investment in February 2010, during the previous Parliament. The Committee wanted to assess the value of investing in Britain's rail network and to identify essential rail priorities for the future. We emphasised the importance of protecting Government funding of £16 billion committed to rail projects between 2009 and 2014. We also identified some of the emerging priorities for the next control period, from 2014 to 2019.

We should remember that rail is a great success story; 1.2 billion passenger journeys were made last year, and 100 million tonnes of freight, or 9%, was carried by rail. The Committee emphasised in its report the importance of rail to the economy, as well as to the environment. There have been many changes since the report was published last year. We have had a change of Government and a comprehensive spending review, but the questions raised by the Committee and the priorities that we identified remain highly relevant. I shall focus on two broad areas this afternoon. First, I shall deal with the Government's more immediate rail priorities during this Parliament. Secondly, I shall look ahead to some of the important rail schemes that will require investment during control period 5 and beyond.

Following the comprehensive spending review, I am pleased to say that many major rail investment commitments have continued. Indeed, £18.2 billion was committed for that period. Although I welcome that commitment and that scale of investment, we should recognise that much of that money was already contractually committed, and works on the ground for many projects were well under way prior to the spending review. Setting out priorities and committing spending in that way was done to ensure that the rail industry had some certainty about investment, and I am glad that that could be achieved even in the current financial situation. The Government have confirmed their commitment to Crossrail and to Thameslink, although there are delays and reductions in funding.

Margaret Beckett (Derby South) (Lab): I congratulate my hon. Friend not only on her Committee's report but on securing today's debate. I am particularly glad to hear her mention Thameslink. The report mentions investment in the north, but she will be well aware that it is the order of new trains for Thameslink that will release the existing fleet to newly electrified projects in the north-west. She spoke a moment ago about the need for certainty in the rail industry. I am sure that she—and, I hope, the House—will sympathise with the concerns of the thousands of my constituents who work for Bombardier and in the supply chain, who are anxiously awaiting the go-ahead for the Thameslink project.

Mrs Ellman: I thank my right hon. Friend for her comments and I agree with her sentiments. The delay is problematic in its own right, and it certainly has consequences for what is termed the cascading of rolling stock to the north, among other places. The major redevelopment of Birmingham New Street and Reading stations is proceeding.

Kelvin Hopkins (Luton North) (Lab): I reinforce the strong point made by my right hon. Friend the Member for Derby South (Margaret Beckett). We must do everything that we can to maximise the possibility of keeping manufacturing in Britain. Bombardier, a British-based firm, should be considered for that if we are serious about rebuilding our manufacturing base.

Mrs Ellman: My hon. Friend makes an important point. He reinforces the important link between rail investment and jobs.

Electrification that was planned long before the comprehensive spending review is going ahead, but only in part. I am pleased that the Government have confirmed the electrification of the Manchester-Liverpool line and the line from Preston to Blackpool. However, there are still problems with the electrification of the Great Western main line.

Paul Flynn (Newport West) (Lab): On top of the other hammer blows that Wales has suffered under this Government—the cancellation of a prison in north Wales, the cancellation of plans for a Severn barrage and the loss of jobs at St Athan—comes the fact that electrification of the line to Wales will not go ahead. My hon. Friend will be aware of the great disappointment that that has caused, and the damage that it will do to Wales' perceived image in the rest of the United Kingdom.

Mrs Ellman: I thank my hon. Friend for his comments. Indeed, electrification has been promised between London and Didcot, Oxford and Newbury; but there is no promise and no confirmation of electrification of the line into Wales. In December, the Secretary of State told us that discussions were ongoing with the Welsh Assembly Government, but what will happen is still unclear. I share my hon. Friend's concerns about the impact of the delay—is it a delay or a postponement, or is it a cancellation?—on the Welsh economy. In addition, the ongoing saga of the inter-city trains has implications for electrification on the line, to which I shall refer later.

The Committee's report also advocated the electrification of the midland main line that links Sheffield and London. It is unclear what progress is being made there. It is clear that enhancing our rail network represents a worthwhile investment of public funds, with economic regeneration and environmental benefits. The comments of my right hon. and hon. Friends reinforce that point.

It is not only investment that is important. It is equally important that we secure value for money for the public purse. The previous Government asked Sir Roy McNulty to study the rail industry and to

[Mrs Ellman]

consider how to secure better value for money. It is unacceptable that our rail industry is up to 40% more expensive than its European comparators, as the Office of Rail Regulation discovered. Sir Roy published his interim findings in December 2010. Promisingly, he has identified potential savings of up to £1 billion, which he believes can be achieved without cutting services. Like the rail industry, my Committee awaits Sir Roy's final report with great interest. Certainly there is a mood for change, and it is important that the Government seize this window of opportunity to make improvements.

The interim findings of the McNulty review suggest that the way forward is a greater alignment of incentives between the different players in the industry. The Government have already set up a high-level group with the industry to examine the options for Network Rail and train operators to work together more efficiently. I would be grateful if the Minister were to elaborate on the options that the Government are considering, and whether those aspirations will result in real long-term savings to the industry, without compromising passenger safety or service provision.

The Secretary of State has promised a White Paper on the future structure of the industry, following the findings of the McNulty review. I hope that it will spell out the Government's broad longer-term strategy for the rail industry. Do the Government share the previous Government's aspiration that increasing capacity on the rail network must be at the heart of their strategy? As passenger numbers and the amount of freight carried by rail continue to grow, we need to increase capacity. As right hon. and hon. Members know, the issue of overcrowding remains a serious problem on parts of the network, particularly at peak times. Overcrowding is a consequence of success and must not be ignored, and neither must its related health and safety issues, which are often hidden.

Giving evidence to the Committee in October 2009, the Office of Rail Regulation forecast that passenger numbers would double over the next 25 to 30 years. Alleviating capacity constraints must be at the heart of any strategy on the future of the rail network. Will the Minister tell us something about the White Paper that is expected soon? What sorts of policy initiatives will it contain and what kind of consultation will it be subject to?

The Committee recognised that rail was important for the environment, economy and regeneration. I was concerned to see that in January, when the Department published its report "Public Attitudes towards Climate Change and the Impact of Transport", it did not mention rail. I hope that that was an unfortunate omission. None the less, I would like some reassurance from the Minister that the Government recognise the environmental benefits of increasing rail travel.

I come now to the important issue of rail fares. The Government have announced that regulated rail fares will rise from RPI plus 1% to RPI plus 3% from 2012 to 2015. Disturbingly, they have stated that train operators should actively look to manage overcrowding through the fare box; in other words through increasing fares.

Martin Horwood (Cheltenham) (LD): I am reluctant to correct the hon. Lady as she is giving an expert explanation of the Select Committee's point of view. None the less, will she not accept that although rail fares can rise by that amount, they will not necessarily do so?

Mrs Ellman: I do not totally agree with the hon. Gentleman, and I will explain why in a moment. My concern is that it now appears to be a deliberate Government policy to drive people off rail by increasing fares. Indeed, it seems rather perverse. It is true that Government policy is to increase fares by an average of RPI plus 3%. I must stress, though, that that is not an actual increase; it is an average. The reality could be a rise of RPI plus 8% for individual fares, which is a very great increase indeed. For example, the annual season ticket between Bournemouth and London would increase by £211 at RPI plus 3%, but by £645 if RPI plus 8% was applied, which is possible under the Government's formula.

Current forecasts for the third quarter of 2011 are that RPI could be 3.9%, the base against which RPI for the following year is assessed. That means fares could rise by an average of 6.9% in 2012, with individual fares increasing by up to 11.9%. Those are significant increases and a matter of great concern. We all recognise that there are economic and financial problems, but it is disturbing to think that there could now be a national policy to price people off rail. I look forward to hearing the Minister's response to that concern.

Mr John Leech (Manchester, Withington) (LD): The hon. Lady is making an excellent speech. No one wants to see fares rising, but the economic reality is that if we are to continue investing in the railways, we must increase fares. Does the hon. Lady not think that if we are moving from the retail prices index to the consumer prices index, fares should increase by CPI plus 3% rather than RPI plus 3%.?

Mrs Ellman: The hon. Gentleman makes an interesting point. We must all recognise economic constraints, but we have to consider seriously the implications of any policy that might price people off rail.

The Minister of State, Department for Transport (Mrs Theresa Villiers): I hope that I can give the hon. Lady some reassurance. Of course we want to see passenger numbers increase. That is important for our economic future and for our environmental policies. We have had to take a difficult decision on fares in order to deliver the vitally needed rail capacity improvements. As we are dealing with an enormous deficit that we inherited from our predecessors, we have had to ask passengers to pay a bit more to contribute towards the investment that they want to see put into the railways.

Mrs Ellman: I thank the right hon. Lady for her comments. I recognise the Government policy context in which these decisions are taken.

Let me now draw attention to the issue of rolling stock. If people are going to be asked to pay more for their fares, it is reasonable to ask whether the rolling stock will be adequate to ensure that people have a reasonable journey. The more people pay, the more concerned they will be if the rolling stock is not adequate. The situation is extremely confusing. The announcements made by the Department for Transport on what rolling stock is to be provided, where and when have been unclear.

When our Committee issued its report last year, we expressed deep concern at the postponement in issuing the rolling stock plan for 1,300 new carriages that were expected by 2014, and at the uncertainty and confusion the delay was causing within the industry, but we recognised that the commitment to electrification legitimised the pause in assessing exactly what rolling stock was required and when. However, since then, little real progress has been made in delivering new carriages. Instead, we recently received another announcement by the Department that 2,100 new carriages would be delivered by 2019, 1,850 of which will be net additional vehicles. As my right hon. Friend the Member for Derby South (Margaret Beckett) said, many of these are for the Crossrail and Thameslink projects, which will then lead to electric carriages on the network being cascaded to other parts of the country, including the north. If and when that happens, I hope that it will not be a matter of the north getting the cast-offs from the south. I expect the stock to be in good condition and well suited to meet the needs of the people in the north.

Given that the completion dates for both Crossrail and Thameslink have been delayed to 2018, will the Minister tell us when these much-needed carriages that the industry has been waiting for, will finally be delivered? How many of those carriages expected by 2014 will actually be delivered by that date?

Mr Leech: Does the hon. Lady not accept that the previous Government did not have a good record on delivering on promised rolling stock?

Mrs Ellman: Indeed. The hon. Gentleman may recall that previous reports of the Transport Committee during the time of the previous Government were not slow to criticise the inadequacies of the Government where we felt it was appropriate to do so, and rolling stock was one of those areas. We also have the ongoing saga of the new generation of InterCity trains. In November, the Government announced that they had narrowed their options for the replacement of the old InterCity 125s down to two: a bid from Agility Trains for a mixture of electric and hybrid trains; and a proposal for a fleet of all-new electric trains that could be coupled to new diesel locomotives where the overhead electric power lines end. I know that many of my colleagues in Wales are anxious for that decision to be made because of the impact that it will have on the Great Western main line to Swansea. Again, the Government have not been very clear about what is happening regarding that line and I would be grateful for any clarification.

During the next control period, which is between 2014 and 2019, and beyond, it is extremely important that we have continuing and substantial investment in the rail network, improving it to accommodate passenger growth and to alleviate unacceptable overcrowding. One of the priorities for the next control period must be investment in the rail infrastructure in the north of England. Our Committee's report shows very clearly how the south, particularly London, has benefited from rail investment. We support that investment, but we noted in the report that when we examined the amount of transport investment per head we found that there was three times as much in London and the south-east as in other regions of the country. We support investment in London and the south-east, but similar interest should be shown in the needs of the north.

The particular project that we recommended in our report was the northern hub. That bottleneck in the Manchester area critically affects the operation of both passenger and freight services right across the north of England, including in Leeds, Liverpool and Newcastle. The Northern Way study concluded that addressing the northern hub could provide economic benefits worth up to £16 billion for the economy of the north.

Investing in the northern hub remains as important as ever. However, there is particular concern about that issue, because of what has happened to the organisations that brought the project together. The combined work of the three northern regional development agencies was very significant in developing the project, costing it and working out its implications and benefits. Sadly, the project for the northern hub—the Northern Way project—may no longer be supported because the RDAs are being disbanded. Indeed, it is very unclear what will happen to the organisation that has developed and costed that project in such great detail. I would be very pleased if the Minister could confirm that she will support that project as a top-priority project for the north in the period ahead.

The longer-term investment priority is the development of a high-speed network. Our Committee welcomed the previous Government's change of policy when they decided to support high-speed rail. However, we emphasised that investment in high-speed rail should not detract from investment in the existing classic network. Moreover, if high-speed rail is important for the route from London to Birmingham—as the current Government have stated, and I agree with them—it is equally important that it extends to the north.

The case for high-speed rail has been put forward, based largely on the need for additional capacity for both passengers and freight. That argument is very important, but it is also very important that the economic impact of high-speed rail is recognised. Indeed, the Government have said as much many times. They have said that their support for high-speed rail is based on the need to reduce the disparities between north and south. That means that if high-speed rail goes ahead, as I hope it will, it must go beyond Birmingham to the north.

Andrea Leadsom (South Northamptonshire) (Con): Does the hon. Lady accept that there are concerns about whether High Speed 2 is necessary to achieve the capacity increases that are so badly needed between London and Birmingham?

Mrs Ellman: I thank the hon. Lady for her comments. That is an important issue and indeed it is extremely important that the Government spell out their case very clearly on the need for HS2, particularly given the considerable opposition to HS2 from a number of quarters. The Government must do that.

Finally, my Committee has recently returned from a visit to Brussels where we met the Transport Commissioner, European Commission officials and Members of the European Parliament, including members of the Transport and Tourism Committee. One of the subjects that we discussed was the UK's failure to apply for funding from the European Union. We received information that suggested that the EU might be willing to part-fund the cost of feasibility studies into HS2, paying 50% of

[Mrs Ellman]

those costs. However, it appears that no application has been made for Trans-European Transport Networks, or TEN-T, funding, which could part-fund the costs of looking into HS2. Indeed, when members of my Committee questioned the Minister recently in our inquiry into European issues, it appeared that the UK was rather slow, or perhaps loth, to apply for European funding. I wonder if we could receive some assurance from the Minister today that the Government will look at that issue again, particularly the possibility of securing European funding for studies into the viability of HS2.

Deciding the priorities for rail is a very important task. Our Committee's report was produced a year ago, but it is clear that the priorities and concerns that we highlighted are equally relevant today. I hope that this debate today will help to take the debate on rail priorities forward and help to secure increasing investment for the extremely important service that is our rail network.

Albert Owen (in the Chair): Before I call Mr Paul Maynard, I wish to inform Members that I will ask Mrs Ellman to make some concluding remarks.

2.56 pm

Paul Maynard (Blackpool North and Cleveleys) (Con): It is a pleasure to serve under your chairmanship, Mr Owen, as it is to follow the Chair of the Transport Committee, the hon. Member for Liverpool, Riverside (Mrs Ellman), whom I hold in great esteem.

It is also a great pleasure to discuss the Transport Committee's report on rail priorities. It is not one that I have any personal responsibility for, as I had not been elected to Parliament when it was drawn up. None the less, priorities for rail investment is a worthy topic for debate, not least because of the amount of public money that our railways consume. We have a democratic duty to ensure that that investment is properly apportioned.

For me, the sacred text in this area remains the Eddington report, which the previous Government commissioned and which included several pertinent points. In particular, when prioritising investment Sir Rod Eddington stressed that we needed to focus on three main areas, namely congested urban areas and travel-to-work areas, key inter-urban corridors and key international gateways and hubs. All three were coming under pressure from increasing congestion and the associated unreliability.

As the hon. Member for Liverpool, Riverside pointed out, a lot has changed since her Committee's report was published. We have a new Government—we even have a new MP for Blackpool North and Cleveleys. We have also had welcome confirmation from the Government of the importance of infrastructure investment. Amid all the talk of spending reductions, I was pleased to learn that many of the feared cuts that we were all told were coming down the line did not materialise and that important projects such as electrification are continuing, which is welcome. It is also true that the issue of high-speed rail has assumed a much greater importance in our political discourse, and I will discuss that issue in more detail later.

One aspect of policy making has been diminished since the election, which is regrettable—maybe this is a misinterpretation on my part; I do not know. As a Member of Parliament for the north of England, I recognise that regional development agencies had their faults and their problems. They were by no means perfect organisations, and they needed immediate reform. I agree with the hon. Member for Liverpool, Riverside that one area where they made a contribution was the quality of the transport planning that they provided through the Northern Way project. I have had the pleasure of meeting representatives of that project time and time again. The quality of the work that they have done was one reason why the Government's infrastructure announcements for the north of England went down so well, and I have genuine concerns about the quality of policy making if the Northern Way does not find a niche within the new Government structures.

The north is different, and this is not just special pleading or the usual carping about London getting all the transport money. We know that there is a substantial productivity gap between the north and the south of England. I recognise that London is our national capital—a global capital, if anything—and that it needs substantial public investment, but we cannot overlook the fact that the north has, over many years, been getting a raw deal rather than its fair share.

The hon. Member for Newport West (Paul Flynn) suggested earlier today that I read his book on how to be a Back Bencher. I have learned one essential truth so far, which is that it is only when an MP is bored with talking about an issue that he knows he has got his point across. With some trepidation, therefore, I shall discuss the northern hub.

When the report was first published, the northern hub was still the Manchester hub, and I take some pleasure in having played a role in getting it renamed, if only to reflect the fact that it benefits the whole of the north of England and the north of Wales from Anglesey to Newcastle. The northern hub is not only a building in Manchester, but a series of discrete projects that unlock the potential of the rich, dense rail network that exists across the north of England, and it is vital that it goes ahead. I welcome all the positive indications that we have had so far from the Minister. Every time I have bored her and the Secretary of State by asking about it, I have got a nod and a wink that it will be in control period 5, and I ask once again for that to be restated.

We have to realise that whenever we discuss inter-city travel in the UK, for those of us who are London-centric or come down here all the time, north-south journeys matter, but for business men in my constituency and across the north of England, east-west journeys are just as important. People in Manchester occasionally need to go across the Pennines to Leeds and even further to Newcastle. Sometimes, my constituents want to go to the north Wales seaside, because they have had enough of Blackpool—surely not. East-west travel matters, and the Council for the Protection of Rural England backs better trans-Pennine rail links, although I am not sure whether it would do so with HS2.

Kelvin Hopkins: I strongly agree with the hon. Gentleman's view about east-west links being equally important. Does he agree that it is vital to keep the Woodhead tunnel for future transport use and not let it be poisoned by having electricity cables put through it? The previous Government arranged for that to happen, and I hope that the present Government will continue to preserve the tunnel for future transport use.

Paul Maynard: As with all matters relating to rail freight, I bow to the hon. Gentleman's superior knowledge, and would not dare trespass on it for fear of being shown up as an ignoramus.

I shall discuss HS2, because it is so controversial and cannot be avoided. The arguments are difficult, and whichever side of the argument someone is on their policy must be evidence based, because it is only through an evidence base that the politics of the proposals can start to be addressed. I recognise that there are arguments on both sides. As a northern Member of Parliament, I see immense potential benefits, but I am sure that if I were an MP in an area affected by the proposed route, I would have enormous concerns. It is, however, dangerous to base our argument solely on a few simplistic notions. Building the railway will not in itself heal the north-south divide, and it is foolish to base the argument on that soundbite alone. It is equally dangerous to base it on saying that there will somehow be magnificent environmental benefits by domestic aviation being rendered unnecessary. At the moment, we cannot see even one or two years ahead in our domestic aviation environment, let alone 15 to 20. Who knows where Heathrow will be by then?

Martin Horwood: The evidence from other high-speed rail systems around the world is that where they are over sufficient distances—which, admittedly, probably means further than Birmingham—there is something like an 80% drop in air traffic over those distances. London to Paris is a good example.

Paul Maynard: I agree almost entirely with that point—but perhaps only 80%. It very much depends on where someone is flying from and where they are going to, and I suggest that in 15 years' time perhaps no one will be flying domestically to Heathrow, if only because it might have ceased to be an international hub. We might all be flying to Paris, Amsterdam or Frankfurt, but that is another matter entirely.

The key variable in the discussion on HS2 is demand. Whether demand will increase is contested, but as someone who travels regularly on the west coast main line, I know full well that that line is already reaching capacity. The east coast main line is also struggling, and we cannot have people being herded into pens at Euston station on a Friday evening and say that we are not at capacity already. I accept entirely the argument that extra capacity has to be provided, but it is not simply a matter of expanding a few platforms here and inserting a few carriages there, making cattle class a literal concept for millions of travellers. We have to discuss what type of capacity to provide, and I realise that that is perhaps a confused area for people on both sides of the argument.

Mr Tom Harris (Glasgow South) (Lab): The record will show that the hon. Gentleman has just referred to a literal cattle class. I hope that he will take time to examine exactly what that means. When I was in a previous position and people used to challenge me about whether it was right to treat humans in the same way as cattle, I was always quick to point out that the cattle's final destination was somewhat less enjoyable than Paddington.

Paul Maynard: I accept the hon. Gentleman's point, but the conditions that many passengers are forced to face on our inter-city trains are analogous to those experienced by animals, even if their end destination is perhaps more pleasant.

Mr Leech: My hon. Friend has mentioned that he uses the west coast main line regularly, as do I. The trouble is that if the number of west coast main line trains from Manchester to London were increased from three to four an hour, it would have a detrimental impact on local services. That is why high-speed rail is so important in ensuring that we can maintain local and inter-regional services as well as the inter-city ones.

Paul Maynard: The hon. Gentleman has anticipated my next point. I take entirely the point that the network of high-speed rail that has been mapped out links areas with a high concentration of service industries, which is key to saying that the predictions for demand are more robust than they were, for instance, in Spain, where Madrid and Seville were linked. Seville had a high level of heavy industry but no service industry, so no demand occurred.

I want to make a number of other points before concluding and allowing as many hon. Members as possible to participate in the debate. May I make a plea to the Minister on open-access rail? We have just seen the sad failure of the Wrexham and Shrewsbury service, which was a good example of open access, but it failed to make money. There are other examples around the country, such as Grand Central, which have shown that open access can work. I urge the Minister unambiguously to state her support for open access in the forthcoming White Paper, and indeed today, because many open access companies are uncertain about their future. In Blackpool, open access is perhaps our only chance of getting a link to London. I urge her, therefore, to make some positive noises on open access.

In conclusion, whenever we write reports, there is always the temptation to come up with a wish list, and I have fallen into the trap myself today by highlighting the northern hub. Wish lists are easy to make, but it is far harder to have a discussion and come to a view on how to prioritise policy making. How do we reconcile all the different competing local priorities that we each have in our constituencies with the apportioning of public money? That is not easy.

Guto Bebb (Aberconwy) (Con): As a north Wales MP, my question concerns the extent to which there should be a recognition of the economic impact of railway investment, and to what degree the investment should take regional variations into account. My understanding is that investment in railways does not, for example, take into account investment in Wales, so we cannot even compare investment in Wales with investment in other parts of the United Kingdom. Should we have a system that allows us to identify investment in Wales as a percentage of overall investment in the railways?

Paul Maynard: It is important that we have more local decision making. It is easy to say such things, and we all do—we all talk about localism now—but we have to realise that it is not a case of build it and they will come. We recently heard evidence about Stratford International rail station, which has no international

[Paul Maynard]

rail services. Merely building transport infrastructure does not guarantee passengers or even economic growth. Those involved in local government often place too much hope in signature schemes, which they spend public money on promoting. They tell us that those schemes will be transformational, but, 10 years down the road, they are shown to be nothing of the sort.

We need more innovation. Yes, it is easy to say that, too, and we all do. Small local schemes—a passing place here, a passing place there, a slightly longer platform somewhere else—can be cost-effective ways of increasing capacity. However, priorities also need to be decided at the regional and sub-regional levels, as well as at a national level. We have an increasingly complex and dense map of economic decision-making organisations. We have travel-to-work areas, city regions, local enterprise partnerships, strategic transport partnerships and smaller, micro-local organisations. One of the best transport submissions that I have ever seen came from a body called Upper Calder Valley Renaissance. It was incredibly powerful and full of good ideas, with a real understanding of the local transport economy, but it covered a micro-area.

I make a plea to the Minister to somehow grasp that nettle. We have a profusion of expertise out there, which enables us to make good quality, evidence-based decisions at local level. I despair when I hear the Department for Transport arguing the toss over the siting of a vending machine on a platform at Crewe station, because that has nothing to do with the Department. However, the Department has a role to play in ensuring that rail investment decisions are based on the greatest economic benefit and that proposals are evidence based. We can then worry about the politics.

3.12 pm

Kelvin Hopkins (Luton North) (Lab): It is a pleasure to speak under your chairmanship, Mr Owen. It is also a pleasure to follow the good speeches that we have heard so far, especially from my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), who is the Chair of the Transport Committee. I have been a member of the Committee for the past few months, and I have much enjoyed that time.

I am a passionate lover of, and believer in, railways. Even when they were unfashionable, I still believed that they would be the transport of the future. I suspect that they will outlive the internal combustion engine and possibly even air flight and that, however far ahead we look, there will still be railways. I have a real interest in passengers and freight, and I would like to think that I have some informed proposals to make.

I should declare some interests. I am the chair of the ASLEF group of Members of Parliament. I am also a member of the National Union of Rail, Maritime and Transport Workers group, and my constituency fund received RMT donations before the last election. However, the views I express today have nothing to do with anyone else—they are purely my own—and I would like to think that I have given them sufficient thought to make them worth while.

Like Eddington and others, I am somewhat sceptical about HS2. That is not because I would not, in the best of all possible worlds, want a superb high-speed line that went everywhere. However, ours is a relatively small, densely populated country, and given that funds are, inevitably, limited, there is, as Eddington suggested, a considerable opportunity cost involved in spending money on HS2 rather than other things. It would also be expensive.

I think I can also make the case that HS2 is not absolutely essential to provide the transport that we need. We need lots more investment in existing passenger routes. Improvements to existing routes could make an enormous difference to their capacity. There are a number of problems on the east coast main line. There are two tracks at Welwyn, and we need another viaduct so that we can have four. That bottleneck causes serious problems, and that would be the case particularly for high-speed trains, especially during peak hours of commuter traffic. We therefore need another viaduct at Welwyn.

Further north, we need a flyover where the Cambridge trains branch off at Hitchin. We need passing loops at Peterborough and a flyover at Newark. If we had those, we could have 140 mph non-stop working between King's Cross and Edinburgh if we chose to. Indeed, in 1992, a trial run was undertaken between King's Cross and Edinburgh, with a two-minute stop at Newcastle. The journey was done in three and a half hours based on a standard operating speed of 140 mph, so these things can be done. It is interesting that the proponents of HS2, looking into the future, came up with a time of three and a half hours for services between King's Cross and Edinburgh—exactly the same time as was achieved in 1992.

We need new signalling and higher running frequencies. We can have much higher frequency running if we have modern signalling. One problem is that we have 50-year-old signalling systems. Geographical interlocking signal boxes were installed in the 1960s and they are now out of date and need replacing. With modern signalling, we can achieve higher frequencies and faster throughput.

Guto Bebb: As a Welsh Member, I would be fully in favour of electrifying the south Wales line. As far as the north Wales coast line is concerned, the hon. Gentleman is completely right that signalling improvements could make a huge difference to the frequency and speed of services, and that would be critical to the area's economic success.

Kelvin Hopkins: Indeed, and that is true not just of north-south routes, but other routes, too.

Unfortunately, we have a lot of ancient equipment on the railways. It was worthy in British Rail's time, but we have moved on. One problem with privatisation is that companies have no great incentive to improve investment in such things when they are trying to run as profitably as possible with existing equipment. Some people, including Eddington, suggest that capacity on main lines could be doubled with modern signalling and more frequent running. We could have trains every 180 seconds on those routes if we get the modern signalling.

We have heard a lot about extra rolling stock. In the short term, there are more than 100 unused carriages in Ireland. They are essentially Mark IIIs, and they could be immediately imported, re-bogied and used on main lines in Britain. Actually, they are more modern than our Mark IIIs because they have automatic doors, rather than slam doors. They could be bought cheaply

now and installed quickly on our routes. That is a short-term fix—obviously, we want more investment and more rolling stock to be built, particularly by Bombardier—but we can make such changes.

On the west coast main line, the maximum operating speed will be 130 mph because there are tighter curves than on the east coast main line. However, 130 mph operation with modern signalling and high-frequency trains would still be sufficient, particularly if we got freight off the lines. That brings me to my next proposal, which is to get freight off the lines. Those who know me well will know that I have been proposing for a long time that we have a dedicated freight route from the channel tunnel to Glasgow, which would link all of Britain's main conurbations. Why do we need a dedicated freight line? When it comes to existing freight routes, passengers and freight do not mix. They have different operating speeds and so on. Time and again, when there is a bit of a problem with a passenger train, the freight trains will be parked on one side while the passengers are given priority—people get much more upset than freight when they are delayed. Of course, freight operators get upset, but they have to suffer. However, if we have a dedicated freight line with no passengers, we would overcome those problems.

Mr Leech: The hon. Gentleman has been a long-time supporter of a dedicated freight route, but is it not possible, with the onset of a High Speed 2 line, that the extra capacity on the existing network would be enough to provide extra routes for freight movement? I totally agree that we need to move more freight from road to rail, but with the onset of an additional, high-speed line there would surely be enough capacity on the existing mainline networks to provide the necessary service.

Kelvin Hopkins: The hon. Gentleman raises the point that I want to address now. The problem with putting more freight on such routes is that it would be impossible to fund the provision of sufficient gauge. It would be prohibitively expensive to make all the tunnels, bridges, platforms and so on able to take freight. We must have trains these days that are capable of taking full-scale containers—that is W10—and I suggest a scheme that could take full-scale lorry trailers on trains. Hauliers would put their trailers on the trains and they would be taken straight through from Glasgow to Rome, or Rome to Glasgow. I have spoken to the logistics managers of big companies and asked whether they would like to bring their water, wine or whatever from Bordeaux, which is a favourite town of mine, to Birmingham. They say it would be wonderful—fabulous—to send it all the way on the train. What they do now is train it to the coast of the continent and then put it on lorries. That transit would become unnecessary. They could roll a trailer on in Rome or Bordeaux and roll it off in Birmingham or Glasgow.

The problem with trying to upgrade all the existing routes for freight is that there would have to be a through-operation for continental freight trains. They are larger gauge and cannot get through our platforms, because they are wider, or through our tunnels or under our bridges, because they are taller. Certainly we could never have lorry trailers or double stack containers, as we are suggesting. To get serious volumes of freight through, a dedicated freight route is needed, and that is what our scheme is about. As I have said, I have no pecuniary interest in it. I have been passionate about it ever since I heard about it some years ago, and I have spoken on many platforms. I took a team of people to see Geoff Hoon when he was Secretary of State for Transport; they included representatives of supermarkets, Eurotunnel, the rail constructors and AXA—the insurance giant that funds terminals. There were 15 of us. I think that we answered every question put to us adequately. We could not persuade the Secretary of State then, but I hope that the present Government may listen sympathetically, at least.

What I propose could be done very cheaply. We have a precise route, which would involve only 14 miles of new route, nine of which would be in tunnels. The route would, as I have mentioned, use the Woodhead tunnel. The rest would be on existing under-utilised routes and old track bed. Initially we put a cost of £4 billion on it. One of the rail constructors said it could do it for £3 billion. We are now being generous and suggesting £6 billion; but that is still one third of what we propose to spend on Crossrail—which I also support. Nevertheless, our whole scheme, with its 400-mile route, would cost a third of what we are to spend on Crossrail, and would be commercially viable, because of the amount of traffic on it.

Mr Tom Harris: Just for the record, and so that we are talking about exactly the same figures, is my hon. Friend aware, when he talks about the scheme costing a third of what Crossrail does, that the Government's funding of Crossrail is less than £6 billion, and is a third of the total?

Kelvin Hopkins: Indeed. I suggest, although I am a public investment person, that the scheme I am describing would attract outside investment. Already, at the meeting with Geoff Hoon, AXA said it would fund the terminals. It already does that. The prospect would be commercially viable. We suggest it would take 5 million lorry loads off the roads.

Finally, the scheme would make a massive difference to carbon emissions. Heavy freight taken by road produces 12 times as much CO_2 per tonne-km or tonne-mile as freight taken by rail. Even lighter freight produces six to eight times the amount. That is a massive carbon saving from rail. Every tonne we put on to rail makes a substantial saving in CO_2 emissions on those 5 million lorry loads a year on a 400-mile route. That would also transform the links between the northern economies and the continent of Europe and breathe new life into the northern, Welsh and Scottish economies. It would not just be about the south-east. At the moment lorries must get through the treacle of the south-east. With a through, dedicated rail freight route we would overcome that problem. It would be of enormous benefit to colleagues who represent northern constituencies. Instead of being peripheral to the core of the European economy they would become part of the central European economy, which would benefit them and the country enormously.

3.24 pm

Duncan Hames (Chippenham) (LD): I want to express to the hon. Member for Liverpool, Riverside (Mrs Ellman) my appreciation for the work of her Committee in producing its report, and providing us with the opportunity

[Duncan Hames]

to debate an issue that is vital not only for our railways but our economy and environment. The report identifies nine priorities for rail investment in control period 5, from 2014 to 2019. I want to address three in particular: rolling stock, to deal with capacity constraints, electrification and operational strategy, such as new signalling technology. I do not expect the Minister to make my constituents a national priority, but I make no apology for pursuing their interests, which enables me to show the wider merit of the proposals in question for the rest of the country.

Any debate about major infrastructural investment decisions needs to take a long-term strategic view, and should include all parts of the supply chain for the industry. It is a matter of concern that no such long-term strategy exists in the rail industry. We do not want to risk directing public funds to the wrong projects, or to poorly timed projects, in an unco-ordinated way, as it is costly and inefficient to stop and start again. Nor is it a good idea to subject major transport investment schemes to the vagaries of political, or even economic, cycles. A new planning framework, extending beyond the current five-year planning process of the Government and the Office of Rail Regulation, setting out a clear vision for investment, covering a period of as much as 25 years, would go a long way to combating that short-termism. Longer franchises are also a necessary component of longer-term planning. Suppliers would be able to invest with more confidence, particularly in the arena of technological innovation. The lack of a long-term strategy currently makes it difficult to research and develop the technologies that ultimately save travellers' time and taxpayers' money.

The Committee identified the Manchester hub as a top priority for control period 5. I would not want to detract from its observations, but a similar logic applies to Bristol and its travel-to-work area. Bristol is the biggest city outside London in the south of England and the eighth largest in the United Kingdom. From a commuter perspective, on Brunel's railway, Bristol looks like an attractive proposition, which it is as long as people do not mind how full or late their train to work might be. Network Rail's Great Western route utilisation strategy, which was published a month after the Transport Committee's report, identifies Bristol's rail capacity at peak times—and, indeed, the performance there—as key gaps that will be in need of attention and investment in control period 5. Bristol Temple Meads, in particular, is a pinch point on the network, and passenger numbers are projected to grow by 37% by 2019. That will result in passenger delays, which are already among the worst on the network, increasing by more than a third.

The route utilisation strategy isolates several key regional services that are suffering severe overcrowding and on which investment in extra carriages will reap significant benefits for capacity and connectivity. For example, five extra vehicles on the Cardiff to Portsmouth line, which passes through Bradford-on-Avon in my constituency, would make it possible to provide two extra services in every morning peak, and three each evening. Just one or two carriages from the humble 153 class, allocated to the trans-Wilts line, would also reduce the number of passengers in congested Bath, who only want to get across Wiltshire.

Further electrification of the national rail network is to be welcomed. Electric trains are cheaper, faster, greener and more reliable than their diesel counterparts. They transport a greater number of passengers, and since they are lighter and cause less infrastructural wear and tear their operating cost is roughly half that of their diesel equivalents. The Great Western main line, which clearly is not anticipating the benefits of High Speed 2, has one of the strongest cases for electrification. I welcome the Transport Secretary's announcement before Christmas that the line from Paddington would be electrified as far as Didcot, Oxford and Newbury. I understand the need to make decisions about powering future inter-city services, which have delayed decisions about the rest of the line. However, I ask the Government to bring forward their proposals for further electrification of the line, to give the rail industry, businesses and passengers alike the certainty that they need to plan for the future.

I have two more points to make on the matter. First, I ask the Minister that electrification should not just be on the line to Bristol Parkway, but also the line through Chippenham and Bath to Bristol Temple Meads. Secondly, I suggest that it would be of benefit to extend the planned electrification of the line to Newbury as far as Westbury. Westbury is not only a more logical network staging post on the line from Reading but a useful interchange for many journeys, and it was identified by Network Rail as needing investment during the next funding period.

On operational strategy, one investment priority that provides opportunities but has not received as much attention as others is new signalling technologies. That is unfortunate, as smart signalling technologies could secure serious improvements in efficiency, environmental performance and capacity within any given infrastructure. Invensys Rail, headquartered in Chippenham in my constituency, is an internationally renowned company at the forefront of developing control and communications technology. On the potential environmental wins of smart signalling, the European rail traffic management system, which Invensys is helping to implement, could enable a 46% reduction in carbon emissions from rail transport by 2030. The system creates wireless connections between trains and control centres, which would be a step change from current infrastructure on our railways. The links can be used to measure energy use and send instructions to trains to reduce their consumption whenever possible. However, the technology would have to be embedded in both rolling stock and track-side infrastructure, which would require joined-up organisation and long-term investment.

To take advantage of such technology, we must develop a more strategic view of the rail supply chain. It is a good time to begin that process. The McNulty value-for-money study is nearly complete, and the Transport Secretary is establishing a high-level group to examine the railways' future further.

Firms such as Invensys have an important role to play in advising policy makers on the potential of new technology. They are not just a shop window from which we pluck impressive bits of kit. Their technology has been developed in response to the needs of rail systems around the world. As a result, they have accumulated expertise that can make a valuable contribution to discussion of the future of the UK network. I was

pleased that the Minister accepted my recent invitation to visit Chippenham in order to see for herself the innovations spearheaded by Invensys. I look forward to welcoming her to Wiltshire in due course.

Among the investment priorities identified by the Transport Committee's report are several examples of low-hanging fruit—good value, small-scale projects that would not involve the major infrastructure developments of high-speed rail or the complexity of fixing regional bottlenecks. In that respect, the report echoed Eddington's finding that smaller-scale transport interventions are often the most cost-effective solutions and acknowledged that many small but growing communities around the country could reap substantial benefits from better access to the rail network. I wholeheartedly agree, as my constituency has two good examples, the towns of Melksham and Corsham.

I have made several appeals in Parliament on behalf of the campaign for an improved service on the trans-Wilts line, which runs from Swindon to Salisbury via Chippenham, Melksham and Trowbridge. Members can find out more about it on the website transwilts.org.uk, organised by the community rail partnership. Melksham is the fourth largest town in Wiltshire by population, yet its rail service is derisory, consisting of just two trains a day at times that are, frankly, useless for residents hoping to commute by train.

The trans-Wilts line was well used until the current Great Western franchise began in 2006, when the previous Government dropped the requirement to provide a decent service on the route. As I pointed out to the Secretary of State in November when he announced 650 carriages for the network, just one extra carriage allocated to the line could provide more services at economically meaningful times of the day, connecting the county's population centres and alleviating pressure on commuter lines in the Bristol area. Demand for the service is strong, and it is supported by the local business community, Wiltshire council and other local Members of Parliament, co-ordinated by an excellent campaign group, the Trans-Wilts Community Rail Partnership. In recent weeks, 1,500 people and 150 businesses have completed a survey on the website about how they would use a better service on the line.

In my correspondence with the Minister, I have received some encouraging signs from the Department about the trans-Wilts campaign. Once more, I ask her to examine closely what benefits could accrue from such locally driven initiatives. Colleagues will forgive me, I am sure, for going to such lengths to make the case for my constituents. They might want to consider what I will call the Melksham challenge. Can they identify a settlement larger than Melksham—it has more than 20,000 people—with an open station that has a passenger rail service as poor as our two services a day each way? I believe that it is an exceptional case.

Andrew Gwynne (Denton and Reddish) (Lab): I am sorry to disappoint the hon. Gentleman, but the town of Denton, which I have the privilege to represent, has a population of 32,000, an open station and one train a week, in one direction only.

Duncan Hames: I stand corrected. I hope that the hon. Gentleman will appreciate the opportunity that I have given him to make the case on behalf of his constituents. I would argue that neither Denton nor Melksham deserves to be left any longer in such a plight.

I know that other Members want to speak, so I will conclude. I have tried to use examples local to my constituents to illustrate a few national discussion points about the future direction of rail investment. Each region, area and sector of the industry—indeed, each Government—has had its own priorities for the future, but we are discussing substantial investment commitments that will far outlast this Parliament, the political careers of many of us and the current economic cycle. Rail planning has too often been characterised by short-termism and a lack of strategic vision. The coalition Government's stated belief is that

"a modern transport infrastructure is essential for a dynamic and entrepreneurial economy"

and that

"we need to make the transport sector greener and more sustainable."

I could not agree more, and I do not think that any Member here would depart substantially from that view. It is certainly consistent with the Transport Committee report that forms the basis for this debate. Our challenge is to take a long-term strategic view, interact with all players in the rail supply chain, engage with the businesses and communities that use the railways and align our objectives for rail planning with wider economic and environmental aims.

3.37 pm

Mr Tom Harris (Glasgow South) (Lab): I have been involved with the railway industry to a greater or lesser degree for the best part of 20 years now, but I have never suffered the ignominy of going native. When I was the Minister with responsibility for railways—the Minister is welcome to use this joke if she wishes, although most of her audiences will have heard it a number of times from me—I used to joke that although I had succumbed to the lure of the railways and started buying railway magazines regularly, I was always careful to buy a copy of *Playboy* and put the railway magazine inside it to avoid embarrassment.

There is a healthy turnout of right hon. and hon. Members here. It says something about the lure of the railways that 80% of our constituents do not use them—I expect that it is more than 80% in most constituencies—but the subject attracts and engages Members of Parliament. I suspect that most of us receive more letters a week from our constituents about railways than about motorways or local roads, despite the fact that roads are a vastly more popular mode of transport.

Kelvin Hopkins: Are the railways regarded as a national treasure like our forests?

Mr Harris: I will refrain from trespassing on the Government's sadness at this juncture.

Although I do not stand every weekend with a flask of tea, a pair of binoculars and a camera at the end of the platforms at Glasgow Central, I am, if not an enthusiast, a strong supporter of the railway industry. I congratulate the Government, because most of us feared the worst when this shower came in.

In the previous Parliament, the Labour Government did a great deal to invest in the railways to try to improve the services that our constituents rely on. The

[Mr Tom Harris]

figures show that we have the largest number of passengers travelling on the railways, apart from during the wartime period, since they began. We also have the best safety record and there are more services running per weekday than at any time in the history of the railways. There was concern upon the arrival of the new Government, whose Ministers seem unable to speak without using expressions such as, "Cleaning up the mess left by the previous Government," and talking about deficits and so on. We assumed that that would be a simple mechanism and excuse for starving the railways of investment. However, I must say, in all seriousness, that that has not happened, and I am delighted about that.

I am also delighted about the Government's commitment to High Speed 2, and I regret that my own Government only saw the light on high-speed rail in the latter part of their period in office. That was a mistake, and I accept my own personal responsibility for not pushing it as hard as I could have done when I had the opportunity to do so. I was the Minister who saw through the Crossrail Act 2008, so I am delighted that Crossrail, as well as Thameslink, will be fully funded. There is a lot to celebrate in relation to the railways—there always has been, even at the most difficult times in the network's history. We have now had two successive Governments who seem to have a genuine commitment to growing the network.

On procurement, my right hon. Friend the Member for Derby South (Margaret Beckett), who is no longer present, mentioned that the manufacturing base of the railway industry in this country is, sadly, significantly smaller than it has ever been. She mentioned Bombardier in particular. I totally understand the pressure that Ministers are under in relation to procurement and an open procurement process throughout the European Union. The Minister will be aware, and she will have been told by her officials, that certain European countries somehow manage to get around the procurement rules and, miraculously, give very large and helpful contracts to their domestic manufacturers rather than to foreign competitors, which is something that Britain has, sadly, never managed to do.

I do not expect the Minister to deviate from her line—I understand the legal ramifications if she were to say that she agrees with me in any respect at all—and I do not even expect her to mention this when she makes her summing-up speech, but she will find very little, or no, opposition from my party if she could find a way of making it easier, within the rules, for British manufacturing companies to be given the same kind of contracts that foreign companies get from their own Governments. If she has that fight with the Treasury, she will have my full backing.

Luton is very well represented on the Transport Committee, and my hon. Friend the Member for Luton North (Kelvin Hopkins) made a point about signalling, which is absolutely crucial. I will not labour the point, because he made it very well, but, given that there is no commitment to building new lines outside HS2, if we are to get more trains more frequently on the existing network, the only way of increasing capacity is to invest in new signalling. When we were in Brussels last week, we heard about the ongoing Galileo project. It is a new satellite system that might, in a couple of hundred years, if it is given an infinite amount of money by every country in the European Union, be able to go into operation. It is the kind of global positioning system that would help provide railways with a satellite navigation system in future, provided that it is accurate enough, which it is not yet. Perhaps Galileo, if it is given an infinite amount of money, might be able to provide that solution.

Value for money is crucial to the railways. My hon. Friend and I are members of the same party, but I hope that he will not object if I say that we come from different parts of it. We have a different view of who owns the railways and whether public or private ownership is the right way. I shall let you conclude for yourself, Mr Owen, which side I fall on and which side my hon. Friend supports. I do not think it matters much whether Network Rail is publicly or privately owned. The fact is that the McNulty review on value for money is absolutely crucial, if we are going to identify ways to cut the costs of the railways.

Kelvin Hopkins: McNulty has concluded that our railways cost up to 40% more than continental railways to run. The only major difference between them and us is that they are publicly owned and integrated, while we are privately owned and fragmented. I have made that point to the Secretary of State, who did not strongly disagree.

Mr Harris: I am grateful, as always, for my hon. Friend's intervention, but I disagree with him. Network Rail has had imposed on it an obligation to improve its efficiency and make significant improvements year on year. I do not believe that it is a failing organisation, or that it matters whether it is privately or publicly owned. I am glad, however, that the Secretary of State has thrown out any pretence that Network Rail is a private company, inasmuch as he does not seem to care whether the National Audit Office will, with the stroke of a pen, commit Network Rail's debt to the public books, which Ministers in the previous Government went to great lengths to avoid. The Secretary of State has taken a more relaxed, and probably more sensible, approach. By the end of this year, Network Rail may well be categorised as a nationalised company. However, if it is not efficient and is not doing the job, does it really matter who owns it? We must get efficiencies back into the railway industry, and we must make sure that the public purse, which is asked to pay a significant amount of the cost of the railway industry, is getting value for money. That is the way to restore people's trust in the railway industry.

In the run-up to the general election, the Labour Government had a much greater willingness to look at longer franchises. The franchising process itself costs huge amounts of money, not only for the competing companies but for the Department for Transport. The figure of £5 million is often quoted as the cost to the Department, and the longer the franchise, the less often that cost has to be borne. Recently, I had an interesting conversation with an ex-civil servant, who shall not be named. He told me that the reason why seven years was seen as the best period for railway franchises to begin with—from 1995, when the railways were privatised—was that they would start in 1995 and end after the first term of an unpopular Labour Government, at which point,

the Conservatives would be able to come back in and look again at the franchise system. But things did not quite work out that way. Seven years is clearly too short a period, and some of the franchises that have been let recently are, for practical reasons, even shorter than that. I hope that we move to a longer franchise period of, perhaps, a standard 10 years, with a two or three-year extension, depending on performance.

I will mention open-access and freight operators in the same breath, because those two users of the network are entirely free of public subsidy of any kind. Open-access operators are, in my view, a good thing. That may not be the view of certain officials in the Department, but we should welcome a private company if it can come in and run a profitable passenger service between two points without seeking any public subsidy, without taking any of the revenue from existing franchises, and without causing any delays to other franchises or to freight operators. I am disappointed that the Wrexham, Shropshire and Marylebone railway finally shut up shop at the end of January, which was a great blow to those people who used it. I say to my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), who chairs the Transport Committee, that open-access operators are of great interest to the wider railway and to the travelling public. I hope that, at some point soon, we will have the opportunity to look at the whole open-access framework in order to think about what makes open access valuable, what makes it work and, crucially, what makes it fail.

My hon. Friend the Member for Liverpool, Riverside has mentioned fares, and I hope that the Minister will address that issue when she speaks. When Lord Adonis was Secretary of State for Transport, he made an instruction to the train operating companies that resulted in a radical change from previous practice. As has already been said, the retail prices index plus 1% fares annual increase was interpreted in a very generous and broad way by the train operating companies. The highest increase had to be RPI plus 1%, but the train operating companies would take a basket of fares. Within that basket, there could be reductions and increases by up to RPI plus 6%. However, Lord Adonis said that all regulated fares must be increased by a maximum of RPI plus 1%. That took away a lot of manoeuvrability and flexibility from train operating companies, who obviously had a vested interest in increasing season tickets and other fares by more than RPI plus 1%. There may well be perfectly valid reasons for moving away from that approach. If possible, will the Minister say something about where we are now and what effect that policy has had during the past 18 months or so?

Innovation does not sound as if it is directly related to priorities for investment, but the issue comes back to value for money. The criticism made by my hon. Friend the Member for Luton North of the privatisation of the railways is entirely valid in the following respect. It is the only privatised industry in which innovation virtually disappeared—from the point of privatisation until now. In almost every other industry that was intrinsically profitable and was therefore privatised, innovation flourished. However, that has not happened in the railway industry. I tried to do something about that when I was the Minister, but there is very little that the Minister and the DFT can do, because it is up to the industry. If there is a level of innovation that can transform the processes within the industry and the passenger experience, that is how we partly move towards a situation in which we develop better value for money for the passenger.

Kelvin Hopkins: One of the problems is that the railways are long-term and expensive and private companies have short-term balance sheets. Inevitably, the tendency is to sweat the assets to maximise profit in the short term and leave long-term considerations to others.

Mr Harris: That is undoubtedly the case, but I do not accept that that is necessarily an immovable barrier to innovation. Network Rail is the greatest purchaser and procurer in the whole of the industry and it works in the long term. Frankly, many of the manufacturing companies that rely on contracts from Network Rail want to deal in long-term investment and want a long-term reassurance that the work will be there 10 or 20 years down the line. If the will is there, innovation can happen and, as I have said, that is irrespective of whether the industry is privately or publicly owned.

I shall say a few words about High Speed 2. I have long been a supporter of the project, although not on environmental grounds. As Rod Eddington said in his 2006 report, there may well be a case for high speed on capacity grounds, but there is probably not an environmental case. In addition, there is probably not a great case in terms of connectivity, because Britain is a relatively small country and is already pretty well connected. However, there is a case for high speed on capacity grounds. When we get letters and complaints from our constituents, apart from fares, capacity is the burning issue at the moment. It has been for a number of years and will continue to be until we do something serious about capacity. HS2 will relieve capacity on the west coast main line, and I hope that it will do something for freight as well.

I worry about the debate that is developing in this country on HS2 and that supporters of it are dismissing out of hand the concerns of people who live along the line and colleagues who represent communities based along the line. I hope that we can conduct that debate in a more consensual and less provocative manner.

Mrs Villiers: The hon. Gentleman is too pessimistic when he says that the supporters of HS2 dismiss the concerns of local communities. As far as I know, the vast majority of supporters of HS2, including the Government, take those concerns very seriously. We believe that significant efforts need to be made to mitigate what will inevitably have some local impact on communities.

Mr Harris: I accept the Minister's reassurance on that. I simply speak from the point of view of reading reports of the debate that is going on. I am not trying to separate the arguments; I am trying to bring people together. I make the point that people's concerns are not down to nimbyism or the fact that they are selfish or somehow anti-public transport. People have valid concerns, which can be overcome. HS2 is a nationally important strategic piece of infrastructure that must go ahead for the good of the country, but we cannot sweep those concerns under the carpet. I have heard the Minister say that those concerns will not be swept under the carpet, and I therefore hope that between now and when construction starts, we can come to some kind of agreement

[Mr Tom Harris]

and compromise. We need to accept that those concerns are absolutely valid and that people have a perfect right to protest and raise concerns about something that might well have an adverse impact on their local environment. I thank you for giving me the opportunity to speak, Mr Owen.

3.56 pm

Stuart Andrew (Pudsey) (Con): As a good Anglesey lad, may I say what a pleasure it is to serve under your chairmanship, Mr Owen? I congratulate the hon. Member for Liverpool, Riverside (Mrs Ellman) on securing the debate. I will try to be as brief as possible because I know that other hon. Members are keen to contribute to this important debate. Enhancing our rail network is something that will benefit all of us in all parts of our country.

Even in these very difficult financial times, it is good that the Government have shown their commitment to our railways. The billions of pounds that they are investing are to be welcomed. I am particularly glad to see that there is a rebalancing of the amount of money being spent on transport projects across the country. Other hon. Members have spoken about national projects, but I shall be unashamedly parochial and talk about my region. Obviously, I have to speak up for the north of England, particularly Yorkshire and Leeds.

On the comment of my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard) about the northern hub, I congratulate him and others on renaming it. The term "Manchester hub" created a divide in the north and those of us on the right side of the border were naturally sceptical. Realistically, that project will create enormous benefits for our economy and I hope that it will get the support that it needs. The cost of the project is about £500 million, which is a fraction of the £16 billion spent on Crossrail.

I would first like to comment on the south access that the Government have funded at Leeds station. I cannot say how important that is for some of the poorest parts of the city. Over the years, the south side of the city of Leeds has not enjoyed the benefits of economic regeneration, and the money that the Government have kindly given in support of that project will open up opportunities for significant regeneration in that area. I welcome that.

I shall now turn to my pet project. I am in danger of causing what I call a crossing-the-road scenario with my right hon. Friend the Minister. In my previous life, I was the head of fundraising at a number of hospices. When I walked down the road, people would cross over to avoid me because I was usually asking for something—whether it was money for the charity or sponsorship. Whenever I see my right hon. Friend the Minister, she gives me that "Oh God, not him" look.

Kirkstall forge is a large brownfield site just outside my constituency. It offers real potential for creating lots of new jobs and employment opportunities, with massive private investment—we are looking at about £350 million. In addition, we hope that there will be the opportunity for two new stations: one that will serve that site and help to relieve the congestion caused by massive development, in my constituency in recent years and in other areas, on very busy roads; and one at Apperley Bridge. That is in the development stage at the moment and I hope that all the work that has been done by the local authority—Leeds city council and the private investors—will be recognised and that the Government will look favourably on providing the funding for this important project, which will help to relieve some of the most congested roads in Yorkshire.

I would also like to talk a little bit about rolling stock. In 2007, the White Paper suggested that Northern Rail would need approximately 182 carriages. It has not received a single one of them, so I was delighted to hear the announcement that carriages will be made available. I would just like to make a plea. In the north, we seem to suffer in that regard and getting third hand-me-downs would be better than nothing. We have had absolutely nothing in the past, so we would be happy with that.

Looking at future Parliaments, I am in danger of probably upsetting my hon. Friend the Member for South Northamptonshire (Andrea Leadsom), for whom I have an enormous amount of respect, because we are on opposite sides of the argument about HS2. My hon. Friend the Member for Blackpool North and Cleveleys made a valid point—we must take on board the concerns of hon. Members. I am glad that Ministers have taken the time to visit communities that are affected and will probably not see the benefits of HS2. For the north, however, it will be a significant boost. I was delighted when it was announced that it would be a Y route. That is hugely important to Yorkshire. If the other suggestion had been chosen, it probably would not have been worth it, so I am delighted that the Government made that decision.

My hon. Friend made a point about it just being about breaking down the barrier of the north-south divide, and I take that on board as it is a valid point, but the decision shows a tremendous amount of confidence in the north of England. Leeds, for example, has been a big financial centre in recent years and having such a link would help to improve that. As we have heard; it will release capacity on the east coast main line. As somebody who uses that line every week, I can say our long-suffering commuters will be glad to see that. It is also important to remember that it will release capacity at Heathrow. It is important that we try to maintain Heathrow as an international hub, and I hope that this will go some way to doing that.

My last plea and wish is for us to look—I recognise that it will take some time, given the financial situation—at links to Leeds-Bradford International airport. It is the only airport in the country where the only access is along single-track roads. It is an isolated airport, and there is an opportunity for us to look at providing a tram-train link from the Harrogate line up to the airport and then down on to the Guiseley line, which would then, for the first time, connect Bradford with Harrogate and offer options for passengers. It is worth noting that there is a collection of community groups in the area called WARD, which noted that when the volcanic ash problem happened, the roads servicing that airport were considerably quieter during that period. That demonstrated that the only way people can get to the airport is by car and we really need to look at a sustainable way of doing that.

I congratulate the Transport Committee on an excellent report. I just hope that the Minister will not cross the road next time I see her.

4.4 pm

Gavin Shuker (Luton South) (Lab/Co-op): Thank you, Mr Owen, for chairing the debate on such an important issue. As a member of the Transport Committee, I would like to thank those who went before me and prepared the report. As someone who commutes by train on a daily basis, this is a matter that is close to my heart, as it will be for my constituents and for all our constituents. Today, I would like to focus on investment plans for railway stations rather than track and carriages, in particular those known as category B stations, such as the one in my constituency of Luton South.

The Transport Committee's third report "Priorities for investment in the railways" helpfully outlines the current investment needs of our railways. The report sets the discussion in its historical context. Despite the successes of passenger numbers in many places, our railways are sadly still overcrowded, outdated and underinvested. The rapid increase in passenger growth, up by 73% since privatisation, has simply not been matched with sufficient investment, for whatever reason. At the outset here, I would like to challenge the retort that the deficit gives a licence to scrap all prior recommendations. The Committee's report was published in early 2010, when the challenge of the recession was real to us all. Cuts to investment were anticipated, so the Committee sought to make its recommendations on the basis of key priority needs. The recommendations in the report then are not pipe dreams, but the basic steps needed to bring our railways in line with essential common standards.

The report states:

"Cuts in transport investment are easy to make, but are costly in the long term, undermining future growth prospects and depriving future generations of a lasting legacy of good transport services."

It concludes:

"Investment in improving transport infrastructure should be based on the long-term needs of the economy and society, not directed by the need for immediate public expenditure savings".

In fact, the report speaks very highly of the benefits of investing in our railways.

4.7 pm

Sitting suspended for a Division in the House.

4.21 pm

On resuming—

Albert Owen (in the Chair): Order. Before I call Gavin Shuker, I will just explain that I will call the Front Benchers at about 5.15 pm, as we have an extra 15 minutes from the Division. Four Members are trying to catch my eye, so if the next speakers can consider a time limit of 10 minutes, we will get in everyone who wants to participate in the debate.

Gavin Shuker: Thank you, Mr Owen.

As I was saying before we were so rudely interrupted by the business in the main Chamber, the Select Committee report concludes:

"Investment in improving transport infrastructure should be based on the long-term needs of the economy and society, not directed by the need for immediate public expenditure savings."

In fact, the report spoke highly of the benefits of investing in our railways, recognising that enhancements often

"provide good value-for-money"—

what we put in regularly, we get back in increased usage. Targeted investment can have "important economic benefits" for community connection and regeneration, which means that not only the service provider, but our local businesses and communities cash in. The Government desperately need growth, and they must not ignore the potential for economic growth in the improvement of our railways.

Kelvin Hopkins: Like my hon. Friend, I travel from Luton station every day. Does he agree that railway stations are about not only transport facilities but the appearance and the impression given when people arrive in a town? The better a station looks, the more likely it is to encourage people to visit and businesses to stay, because it looks nice. That is a simple thing, but I am certain we need it, and I hope my hon. Friend agrees.

Gavin Shuker: I absolutely agree with my hon. Friend. Luton station welcomes us both home at the end of a long evening in Parliament, and I only wish that all passengers had the enjoyment of sitting opposite my hon. Friend the Member for Luton North (Kelvin Hopkins) on their return journeys, so that their conversations might be as enlightened as ours often are. He makes a strong point that stations are the gateway to broader communities. Investment in infrastructure, transport infrastructure and stations in particular bring a halo effect.

As we all know, rail is particularly important as a mode of transport for business. In my region, the east of England, eight out of 10 rail journeys are made for business purposes, all by people commuting to work. If we are to support people fully in their ability to get to work, investment in our railways is vital. Eddington argued that

"the rising cost of congestion will waste an extra £22 billion worth of time in England alone by 2025."

Our transport links, therefore, are a

"key enabler of productivity and competitiveness"—

according to the Select Committee report—and, in short, we have no choice but to invest if we want growth and jobs. Let us not dismiss our future prosperity with a narrow argument made solely in the name of the deficit.

It is also worth noting that investment in construction is one of the silver bullets in Government action to get significant economic growth. The improvement of stations is identified in the report as one of the key improvement projects worthy of consideration in the next control period. Station upgrades are highlighted as beneficial in wider area regeneration. Stations are not simply sheds in which we shelter from the rain, as my hon. Friend the Member for Luton North has said. They are key functional zones and play an important role in the total journey experience and in enabling economic productivity in a wider region.

We all know that first impressions count. I am incredibly proud of the town of Luton—I am, indeed, from what I hope shortly to call the city of Luton. However, I confess that it is not with pride that I welcome visitors at Luton railway station. The station has been assessed

[Gavin Shuker]

as one of the worst stations in the whole of the United Kingdom, measured by equivalent passenger numbers. In the words of my hon. Friend the Member for Luton North, in his Adjournment debate last year:

"It is drab, dreary and depressing."—[*Official Report*, 23 March 2010; Vol. 508, c. 63WH.]

It does not do our area justice, and the population of Luton has been complaining about it for long enough.

Julie Hilling (Bolton West) (Lab): In addition to those remarks, I had the experience of going to Luton many years ago, but I suspect that the station is exactly the same as it was then. Safety is also involved. As a woman, certainly, I felt incredibly unsafe in Luton station, because of the layout and everything else. That is such an important element.

Gavin Shuker: My hon. Friend has anticipated my next point. We ought to expect certain key standards from major stations. If stations do not live up to them, as in Luton, they require significant investment.

Do not take that judgment from me alone. Luton station is known as a category B railway station—it is the second busiest type of station, a national interchange seeing high levels of passenger traffic. All stations in the UK are categorised, from A, the busiest national hubs, right the way through down to F, which are unstaffed stations. Levels of passenger traffic increase up the categories. Sixty-six stations are classified as category B, accounting for 3% of the total number of stations in England and Wales.

That all seems logical. However, the criteria for category A and category B stations are broadly identical. Each station must witness more than 2 million trips a year and £20 million in annual revenue, meaning that a notoriously busy station such as Clapham Junction can fall into category B and be subject to far lower levels of investment than stations in category A. If we do have a classless society, it certainly is not currently witnessed on our tracks.

The 2009 independent report by Chris Green and Professor Sir Peter Hall, "Better Rail Stations", highlighted category B stations as the category of station most in need of immediate investment—dire need, one might say. The report concluded that

"the National 'B' Interchange stations are not adequately funded to meet the Minimum Standards and represent the biggest 'gap' in station consistency."

It later made a strong point:

"They tend to lie in the shadow of the high-earning 'A' stations and are under-invested for their daily role as major transport interchanges."

Stations such as Luton and Clapham Junction are not receiving the investment they merit for their important roles in our national network. The report highlighted 10 category B stations deemed in need of immediate upgrade work and recommended the creation of a sinking fund to help those stations meet basic minimum standards. The previous Labour Government accepted those proposals, and Network Rail committed £5 million to the project in Luton alone. The rest of that funding was in place, and the people of Luton celebrated that. Retailers began to plan for the better shops and conveniences they could offer, offering additional revenue back into the network from increased rental spaces. However, on 25 June last year, the Government announced that the better stations scheme would be scrapped. Frankly, the cancellation of the programme was an utter sham. Network Rail rolled over far too easily and quickly on a well-considered scheme that was welcomed by many hon. Members. As yet, we have no answers as to how the improvements will now be done.

The Minister will undoubtedly be proud of the settlement her Department secured, which we all agree was far better than expected. However, her Department made a mistake in putting pressure on Network Rail to cave in and damaging regeneration across those 10 key areas, where we could make a real practical difference to stations.

As we look at ways that investment in our railways can be part of wider economic regeneration, let us not overlook our stations. As the "Better Rail Stations" report rightly points out:

"Stations cannot be seen in isolation—they are part of the total journey experience…Stations are deeply entwined with their local community and effectively act as the gateway to both town and railway. They leave passengers with their lasting impressions of both—a dilapidated station is bad business for both town and railway."

Our category B stations have been left to rot away for far too long as energy has been focused on a handful of shiny new hubs. Those vital interchanges do not satisfy basic standards. The decision to scrap the upgrade scheme was hurried, short-sighted and counter-productive. As we reassess priorities for investment and review the findings of that finely worded report, let us not make the same mistake again.

4.30 pm

Andrea Leadsom (South Northamptonshire) (Con): I join other hon. Members in congratulating the Chair of the Transport Committee, the hon. Member for Liverpool, Riverside (Mrs Ellman), on securing this debate about the priorities for rail investment. That is an important topic, as it involves the relative merits of what our money is spent on. Value for taxpayers' money is a subject dear to my heart.

Almost a year ago, I was the unsuspecting candidate for South Northamptonshire. Suddenly, I heard Lord Adonis's announcement about high-speed rail that was, quite literally, to change my life, and it hit me out of the blue that the line would go through the middle of South Northamptonshire. Within days, I held a public meeting that was attended by about 550 people. Of those, 400 were on two floors of a town hall in Brackley, and 150 were outside on the pavement trying to get in.

I do not want to focus on that today. Hon. Members from across the House have made accusations of nimbyism, noted that if we want to make an omelette a few eggs have to be cracked and made other helpful remarks. Therefore, I will not talk about the fact that I have had nigh on 1,000 pieces of correspondence. My right hon. Friend the Minister knows that only too well, as I am in regular correspondence with her and the Department for Transport.

There are real concerns. Some schools in my constituency may be unviable from now on because of the risk that high-speed rail will run so close to the school that in a few years' time—within the time frame for parents to

decide where to send their children to school—that school will be forced to close. If that threat exists, why would any sensible parent send their child to such a school? There are families who need to move but do not quite meet the criteria for the exceptional hardship scheme. They do not know when they will be able to move, if ever. There is a risk that the famous English battle site at Edgcote will be severely damaged by the proposed route. There are many small battles to fight in South Northamptonshire to protect ourselves in terms of mitigation. Again, I will not talk about that now, because I have been accused of nimbyism too many times. Instead, I will focus on my 23 years in banking and finance, and hope that that will give me the credibility to point out the issues about value for money and the choices that we need to make about our priorities for rail infrastructure.

We expect the High Speed 2 line from London to Birmingham to cost around £17 billion. That is largely a guess, as such major infrastructure projects often have big overruns. I know the Department for Transport is concerned about the fact that civil engineering in this country costs such a great deal. As a frequent user of the line from Euston to Milton Keynes, I accept that the west coast main line is at capacity. I have taken trains home at 8 pm, and still found myself standing shoulder to shoulder. It is a matter not of having a seat, but of having anywhere to stand. However, is that need for capacity best met through a brand new, 250 mph train line, or can we achieve something similar by providing additional capacity on existing railway lines, and using the change—a significant amount of money—to fulfil some of the other interesting and compelling projects that hon. Members have mentioned today?

As I have heard many times, because of the capacity issue there has to be a new train line, and if we are to have a new train line, it may as well be high speed. That is my first challenge. High-speed rail has massive implications in terms of engineering costs and the impact on the environment and the communities through which it passes. Does the line have to be high speed? Will it even reach 250 mph? Certain international rail consultants have challenged whether such a line in Britain—a small country with complications caused by the lie of the land, the wrong sort of leaves, the wrong sort of snow and probably the wrong sort of trespassers on the line—will actually ever reach 250 mph on a regular basis. If it does not, what on earth is the point of spending the money to go in a straight line? That is my first major question.

Secondly, I have seen evidence that suggests that a similar amount of capacity could be freed-up on the west coast main line by providing 12-coach trains, making adjustments to certain stations and carrying out other alterations that would not incur the type of disruption that we saw in previous upgrades to that line. Is this an issue of capacity, or is it a case of, "HS2 is the answer, what is the question?"? I am unconvinced that we have said, "There is £17 billion to be spent, how best can we spend it?" I did not give the Minister prior notice of that question, but I would appreciate it if she would indicate whether she will be willing to talk to me separately about it.

I am not a transport expert by any means. My favourite film as a child was "The Railway Children", and my 15-year-old has told me excitedly about Maglev. That is the future, although not in our lifetime I have been told. Meanwhile, we are stuck with ancient 21st-century technology, and we have to look at what we can do now.

Hon. Members have spoken about the importance of the electrification of other lines. They have mentioned the northern hub and the east-west line. A number of colleagues who will not be affected at all by HS2 have said, "What about my line? My constituents want to get from the east coast to the west coast. What are we doing for them?"

Mrs Villiers: I hope that my hon. Friend appreciates that over the next five years, the coalition Government will be embarking on one of the most extensive upgrades of our existing network in modern history. There is no evidence to suggest that high-speed rail is going to squeeze out other important rail upgrades. Both are important, and both will be delivered on.

Andrea Leadsom: I am pleased and reassured to hear that; nevertheless, in this time of great financial constraint, there is no doubt that a £17 billion project will lead to other choices not being taken.

The hon. Member for Luton North (Kelvin Hopkins) made an excellent contribution—he is clearly an expert on this matter. He spoke about a dedicated freight line. I do not wish to be a nimby, but if such a line went through my constituency, I can see the obvious merits of a dedicated freight line that I cannot see having looking carefully at HS2.

Kelvin Hopkins: The hon. Lady made a good point about high-speed trains having to go in a straight line. That gives them certain rigidities that do not apply to normal passenger routes up to 130 mph, or to freight trains that can manoeuvre and take tighter curves. That cannot be the case with high-speed trains. They have to go in straight lines because of the speeds involved.

Andrea Leadsom: I am grateful to the hon. Gentleman for that point. He is right—high-speed rail has to go in a straight line and it is much more expensive to create that, which greatly limits the number of stops. I have heard it said that the line needs to go from London to Birmingham for the purpose of speed and to solve the north-south divide. I agree with those hon. Members who have said that that alone will not solve the north-south divide and that other decisions will need to be taken. We need to consider the whole of Britain. From the point of view of many constituencies along the way between London and Birmingham, if the line were to be made viable with interim stops, so that there were some sharing of the benefit, it would be more attractive.

David Mowat (Warrington South) (Con): No one would claim that high-speed rail on its own could solve the north-south divide. I do not think that anyone in the Chamber, including my right hon. Friend the Minister, would attempt to do that. However, will my hon. Friend admit that the creation of 40,000 jobs—that is KPMG's estimate—in the north-west, north-east and Yorkshire as a result of high-speed rail would contribute to it? She said that other projects could be equally effective in helping to solve the north-south divide. Perhaps she will say which of those she would put her money on. Finally, three or four hon. Members have made the point that

[David Mowat]

incremental improvements in rail are very effective in the short term. That is correct, but we cannot just make incremental improvements for ever—at some point, the Government have to call it.

Andrea Leadsom: I thank my hon. Friend for his intervention. However, I am not of the old USSR view that we should just do public project after public project for the sake of creating jobs. There needs to be a clear rationale for having the high-speed line in the first place. Any project needs to stand on its own merits and not be done just because it creates jobs, so I do not agree with my hon. Friend in that respect.

I have seen evidence—I hope that the Minister will comment on it—that the west coast main line, through incremental improvements that would not cause disruption, could come very close to providing the same increase in capacity as HS2. My central point is that that would be a much cheaper and less disruptive alternative means of achieving the same improvements in our rail infrastructure.

4.42 pm

Julie Hilling (Bolton West) (Lab): It is a pleasure to see you in the Chair, Mr Owen. I congratulate my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman) on securing a debate on this very important issue. I ought to declare an interest, in that my constituency party is supported by the Transport Salaried Staffs Association—one of the railway unions.

I want to cover a number of different areas, so I am afraid that my comments will jump around a little. I am concerned that if we talk simply about the economic benefits of investment in rail, that may well mean that the north is always disadvantaged. Because of the size of London's economy, the benefits of investment in London and the south may always appear to be greater, but that should not be the only judgment. In the north, we have suggested that High Speed 2 should start in the north—we want it up there. We should start it up there and worry about the bottom bit afterwards. We have been told that that is not feasible because the economic benefit will come only if it is in the London area. However, if rail is not only public transport but a public service, why should someone in London receive three times as much public money as my constituents in Bolton? We need to consider more than just the economic benefit.

That takes me on to overcrowding on the trains. Pacers still run from my station in Atherton. I do not know whether everyone knows what Pacers are. They are like buses on rail. I do not know how Northern Rail engineers keep them going. They are rather decrepit rolling stock. The issue has to be quality as well as capacity. We may have to accept having second-hand stock in the north, but we need to ensure that it is not second rate.

Frequently, my constituents cannot get on the train services from Bolton. The situation is similar when they come home at night. The overcrowding is such that if they do not start off at Manchester but try to get on at one of the intermediate stations, they cannot get on the trains. We need urgent action, and I hope that the Minister will tell us when some of that action will take place.

We also need to consider the capacity of the infrastructure. When Virgin started to run three trains from Manchester to London every hour, trains going through my constituency reduced in number, and a number of those went to Manchester Victoria instead of Piccadilly. Of course, Piccadilly is our hub station, where we get through trains either to London or to other destinations. Piccadilly is at capacity. Simply, no more trains can run in and out of Piccadilly, so we urgently need the northern hub, which will free up routes and give us more trains to and through Manchester.

Similarly, the west coast main line is nearly at capacity. Trains cannot run 24 hours a day. There has to be time for maintenance and inspection. The assets are already sweating. Therefore it seems to me that we have no choice but an additional line. It could be a freight line, but why would we build for the last century rather than for this century and for the future? We need to use the best of our technology to ensure that we have a system that goes forward. That does not mean that I do not have sympathy—of course I do—for people who will be disadvantaged whatever line we build, but we need that additional capacity now. We cannot continue to put decisions off; we need to make the decision to go forward.

I agree with the hon. Member for Blackpool North and Cleveleys (Paul Maynard) that we need investment in rail across and within the north. When I started to work for the TSSA, I asked why the lines were called up and down lines. I was told, "Well, you go up to London and you go down to the provinces," so I asked, "What do you call it when you go east and west and you don't go anywhere near London?" I still do not have a good answer to that question. Sometimes we do have to cross that border—we do have to go into Yorkshire.

The current situation is ridiculous. We have two great cities in the north—Manchester and Leeds. They are so close to each other—only 40 miles apart—and are linked by a good service, but it has to travel so slowly because of the condition of the line. We desperately need investment in that route—investment in routes that do not just go to London. It is also incredibly difficult to travel within the region to other destinations—to get across the region. I am talking about people trying to go from York to Sheffield or other places. We need to consider how we can improve line speeds there and improve the service.

I welcome the commitment that the present Government have made to follow the previous Government's plans for electrification, particularly as I should get electrification in my constituency, which will be a great joy for us. However, we cannot stop at that electrification. We have to consider whether we can have east-west electrification. Can we electrify other parts of the system? I would be interested to hear what the Minister has to say about our future plans for electrification. The reality is that electrification increases capacity and speed, reduces wear and is better for the environment.

The debate is about celebrating the success of our railways. The problem that we have arises because too many people want to use our trains. I look forward to more investment. I congratulate the Minister on securing the investment that we do have now, but we need to look

to the future and see how we can develop our infrastructure and rolling stock. I look forward to a better service for passengers.

4.42 pm

Chris White (Warwick and Leamington) (Con): I add my congratulations to the Select Committee on Transport on its most excellent report. If I may say so, however, there is one area of the report that could have done with strengthening a bit—high-speed rail. I have already made my position clear: I do not support High Speed 2. As the report makes clear, the estimated cost of the London-west midlands line is about £11 billion, with the total cost rising to £69 billion for a full 1,500-mile network. High-speed rail is therefore a major part of the long-term investment in our railways, and I believe that it should be heavily scrutinised before we commit so much public money to it. I appreciate that the report mentions some of the arguments surrounding high-speed rail, but I believe that more time should have been given to it and it should have been studied in greater depth, given the potential cost to the country over the long term.

Given that in 2007 the Department for Transport broadly accepted the Eddington transport study, which concluded that high-speed rail would be poor value for money in the UK, it is incumbent on Parliament to ask what has changed so much in the space of the last three years to reverse that conclusion.

Mrs Villiers: Apart from anything else, there has been a change of Government. We are taking a forward-looking approach, so as to address the transport needs of our country over the next century. We have to make this upgrade to deal with the massive growth of future years. It is the best way to deliver it in a sustainable way.

Chris White: I thank my right hon. Friend for her comments.

If I may pursue my argument further, there are still some questions to be asked—such as whether the assumption of background growth in demand of 133% is truly realistic; such as whether potential competition from conventional rail has been taken into consideration when calculating the returns to be generated by this investment; such as whether new developments in technology, including video conferencing, online communication and information sharing, will seriously reduce the need for travel.

Large countries such as China are considering whether there are clear benefits to high-speed rail. A report by *The Economist* only two weeks ago entitled "On the wrong track" highlighted the fact that many of the newly added lines are making hefty losses and are thought to be operating at under half capacity. The Chinese Academy of Sciences has asked the Chinese Government to reconsider the case for investment in high-speed rail.

Paul Maynard: Does my hon. Friend agree that there is a crucial difference in that we have freedom of movement, but China does not, which slightly adjusts market demand?

Chris White: I agree with that specific point. However, if China, which has an economy twice the size of ours, is considering whether high-speed rail gives value for money, despite the point made by hon. Friend we should think again.

As the Eddington transport study highlighted, it is not that Britain's transport system is not quick enough, but rather that it is extremely dense and we need greater investment in capacity.

Mr Tom Harris: The hon. Gentleman advocates that we follow China's example on high-speed rail. I presume that he is aware that when the Chinese want to build a high-speed line they demolish houses that get in the way. Planning arrangements there are rather less democratic than ours. I would be wary about following that example.

Chris White: Those last two interventions show the similarities and differences in how our two countries operate.

The Committee says that we are reaching full capacity and that we need to put extra capacity in place, and I respect that. However, high-speed rail is not the only answer, and I believe that that should be investigated. The Department for Transport's report on alternatives to high-speed rail, rail package 2, was able to deliver the necessary capacity improvements at a superior rate of return, and it was costed at a mere £2 billion. We should be considering all these options rather than deciding on large-scale prestige projects. Further areas of concern could be highlighted, such as the potential economic disadvantage that may be caused to other areas of the country that do not have access to the high-speed network.

As I said, I am grateful that the Committee chose to consider the matter, and I believe that it will provide a platform for real debate on our rail investment priorities over the coming years. I hope that everyone will engage in it fully.

Julie Hilling: I keep hearing that there are alternatives. I wonder what alternative there is for land-based travel from Scotland and the north of England to London if it is not high-speed rail.

Chris White: I had come to the end of my speech, but I shall answer the hon. Lady's question. We have heard much about north-south and east-west, but I have to admit that I am quite parochial about the matter. I am from the south midlands, and I believe that there are different options. We have good services now; what we need is greater capacity.

4.54 pm

Martin Horwood (Cheltenham) (LD): It is a pleasure to serve under your chairmanship, Mr Owen. I too congratulate the hon. Member for Liverpool, Riverside (Mrs Ellman) on her Committee's report and on securing this important debate.

It is good that there has been a reasonable degree of consensus, perhaps not entirely on high-speed rail but on the need for investment in the railways in general and the importance of that to the economy, the environment and the country. That is just as well because, given the time scales involved, it would be a disaster if those policies were to be chopped and changed between Administrations.

It is right to give due credit to the previous Secretary of State, Lord Adonis, who planned much of the investment that is now going forward. The present Secretary of State had his eye on the post of Chief Secretary to the Treasury, and may have been a little disappointed not to

[Martin Horwood]

have secured that position, but every cloud has a silver lining and the Treasury's loss was certainly our gain—rather, it was the railway's gain, because he has secured one of the most outstanding settlements, and that is a credit to him and his ministerial team, and to the Government, whose overall commitment to maintaining capital spending in these difficult times means that we have secured most of the investment originally planned for the railways. That includes core funding for control period 4, for the Thameslink upgrade and Crossrail, and for High Speed 2.

It was a little uncharacteristically partisan of the hon. Lady to suggest that there was a deliberate policy to price people off the railways. That is so obviously nonsense and not part of the Government's strategy that it should not be repeated.

Gavin Shuker: I want to put on record the fact that I was pleased to receive from the Minister of State the information that, as a result of RPI plus 3%, growth in the railways will be diminished by 4%.

Martin Horwood: Supply and demand on the railways clearly do not work in favour of the customer. If the Government had not taken a realistic approach to fares, as well as to public support for the railways, some of that critical investment in the railway's future would have been lost. That, too, would in the end have damaged the interests of customers.

It is obviously regrettable that any fares have to rise at all. We all want to see them fall. Indeed, that Liberal Democrat aspiration was included in our manifesto. However, we must recognise that the Labour party has left us with an annual overspend that would have swallowed the Department for Transport's budget many times over. We have to be realistic about the need to invest in that kind of environment.

The Select Committee made some important points about the security of that investment programme. Some of those programmes have been maintained. The Minister will know that I am going to mention one project that I think she maintains was not agreed but which I consistently maintain had been agreed, which is the redoubling of the Swindon to Kemble line. It was given enormous support by the Welsh Assembly, local councils, Labour MPs from south Wales and Swindon, Tory MPs from the counties between, and Liberal Democrats from Cheltenham, Bristol and Cardiff—and probably Chippenham.

The redoubling of that short stretch of line would have an enormous impact on the reliability of all the routes that serve those areas and constituencies. It would also be important to the resilience of the network in the west of England, particularly in the event of interruptions to cross-Severn services. Once again, I urge the Minister to look down the departmental sofa to see if any pennies can be found to secure that one project. It is a shame, but it is virtually the only railway project that was agreed under the previous Government that is not going forward.

The Select Committee report rightly talked about the value of rail enhancements, including many local projects, and stressed that they were as important as many of the larger projects. The importance of the right decision-making methodology was also mentioned. My hon. Friend the Member for Chippenham (Duncan Hames) made some excellent points about the need for a long-term strategic view and for joined-up planning in that respect. However, environmental concerns now take an even greater part in that methodology.

Passenger experience, too, is important. When it comes to franchise reform, it is important that we do not use only the basic metrics, such as punctuality; we should also consider the quality of passenger experience on some of our railway services. I would nominate leg room as being one of the most important. Passenger experience should play a much greater part not only in the awarding of franchises but in their maintenance and, if necessary, their recall when services and standards fall. It is also important that regional balance is considered. Many Members have made similar points. Some of the specific medium to long-term priorities identified in the report were equally important, and the points were all well made. I am an unashamed supporter of high-speed rail as is the Liberal Democrat party. The time scales involved are quite mind boggling. We can reassure some hon. Members about the investment involved, because it is spread over a long period of time.

Andrea Leadsom: Is the hon. Gentleman an unashamed supporter of HS2, or is he an unashamed supporter of dramatically increasing the amount of capacity on the west coast main line?

Martin Horwood: Both actually. The importance of High Speed 2 is not simply related to the stretch to Birmingham. If we consider the ultimate plan, which is to link London and Scotland, and then Scotland and Europe, by high speed rail, with another link to Wales and the west, we can see that it will compete holistically with aviation—I have already mentioned that aviation traffic tends to drop by 80% on routes covered by high speed rail—and cars. As people shift from conventional rail to high-speed rail, which happens and is an environmental issue because high-speed rail is more energy intensive, the likelihood is that their places will be taken by people abandoning car journeys as traffic becomes more competitive.

Andrea Leadsom *rose—*

Martin Horwood: I am a little wary of the time, so I will plough on. I endorse the view that we need a balance in railway investment between not only Manchester but the whole of the north of England and London and the south-east. I echo the comments of my hon. Friend the Member for Chippenham about the need for a rebalancing in favour of the west and Wales. When we enter the next control period, it is important that we bear in mind such balances.

Electrification, which was raised by the Select Committee, is an important issue, especially in the context of the Great Western main line. We need to be wary about presenting the commitment to electrify as far as Newbury and Oxford as any kind of cut. That project will continue until 2018, so to look beyond that is already well into the next Parliament. The Labour party committed itself to 20% cuts in its submissions to the comprehensive spending review across unprotected Departments, so if

extra and faster investment in electrification were to happen, it would be interesting to see what cuts would be made to pay for it.

We must be wary of the perception that all the investment is working its way out from London. If I were to suggest that we face a rise in rail fares across the entire network, constituents living in Wales or Bristol would not see a great return on that rise. However, someone who is living in, say, Witney, would be closer to one of the stations that would be electrified—Didcot parkway or Oxford—and they might get a very real and rapid return on their increased rail fares. We have to be wary about the perception that all the benefits are being delivered first to London and the south-east.

The hon. Member for Luton North (Kelvin Hopkins) made some important points about signalling technology. My hon. Friend the Member for Chippenham mentioned the European rail and traffic management system, and I raise an alarm about that. I urge the Minister to examine the experience of Londoners when the ERTMS was introduced on the tube system. She should perhaps take some advice on how well the system works.

Kelvin Hopkins: There is a difference between signalling assistance in general and specific signalling assistance about which there may be some doubts.

Martin Horwood: That is absolutely correct. The Select Committee report also mentions the importance of investment in rolling stock. It is important for the Government to take their time to get that right. There have been delays under both Governments, so that is common ground. Rolling stock is a significant contributor to the general level of expense in our railways. If it takes time to consider how to deliver more competitive prices for rolling stock, it might be a delay worth considering.

Smart ticketing was raised in the report. It is important that we have better integration of ticketing. The current system is confusing and often unfair. Claire Cook, my fantastic PA in my constituency office, regularly books me a first-class ticket on a Gloucestershire to London train for £21.50. That horrifies many of my constituents who pay several times more for a standard ticket on the same train on the same route. They do not seem reassured when I tell them that because they have, in effect, paid for my ticket too, they are really saving money. That really does not seem to go down well. The risk is that there is an unnecessary perception of high cost, because people do not realise that cheaper fares are available. The ticketing system must be addressed. We should move towards a system that is a bit more like Oyster cards in London. When someone uses an Oyster card, they can be pretty sure that they are getting the cheapest fare available for that route. The application of such a system would be a good thing for the whole country. Obviously, though, that is a technical and organisational challenge.

Finally, everyone regrets increases in fares. Even when we accept that fares have to increase, there is a need to examine the sharp practices by train-operating companies, such as shifting the time boundary between peak and off-peak, so that there are suddenly more peak fares than before, even though, technically, the price has not been raised. That is a stealthy way of raising prices for customers. The use of averages was a point very well made. The Government must be on the ball about fare increases and make sure that train-operating companies are not taking advantage of customers.

In short, we should attack the fundamental causes of the high costs—the lack of capacity, the supply and demand problems and the cost base of the railways. The Office of Rail Regulation has said that Network Rail is up to 40% less efficient than its European counterparts, which means that we have some fundamental problems. With the inflated cost of rolling stock and so on, there is clearly potential for the Government to address the fundamental costs of our railways. If they do that effectively and protect investment, we will have a transport system that any Government could be proud to say is better value for money, better for the environment and better for the travelling public.

Albert Owen (in the Chair): Before I call Mr Gwynne, I remind Members that Mrs Ellman, as Chair of the Select Committee, will be making a few comments at the end.

5.7 pm

Andrew Gwynne (Denton and Reddish) (Lab): I am pleased to contribute to this important debate. I congratulate the Transport Committee on its report and my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman) on securing this debate. I am pleased to have had the opportunity to listen to the views and concerns of right hon. and hon. Members. There has been good, thoughtful and powerful debate from all parts of the Chamber. The Select Committee report posed a number of questions about the future of the rail industry that are relevant to our deliberations today. The report might be a year old, but it is very much a case of back to the future. Many of the challenges outlined in the report are still to be answered satisfactorily or properly addressed by the Government.

The report looked at a wide range of issues facing the rail industry. There are perhaps too many to cover adequately in the time that we have left. A key issue is how we deal with severe overcrowding on services and how we realign rail investment more equally across the whole country. The report considered ways in which we could increase electrification on the network and examined rail investments that could be shared with all parts of the country.

As you are no doubt aware, Mr Owen, Labour is currently undertaking a policy review. As part of that, the transport team is looking at the ways in which we can deliver improvements in our railways. With nothing ruled in or out at this stage and with all ideas on the table for further discussion and examination, these ongoing discussions will form the basis of Labour party policy on transport for the next general election. A number of the ideas that have been raised today will be considered seriously.

Mrs Villiers: Does the hon. Gentleman's party still support high-speed rail or not?

Andrew Gwynne: The Minister pre-empts what I will come to later in my contribution, but we are in favour of faster trains and better connectivity, and high-speed rail will certainly form part of our policy review.

[Andrew Gwynne]

Returning to the Transport Committee's report, there are a few issues that it addressed that I would like to revisit briefly. As the report clearly identified, it is likely that there will be serious capacity issues all over the rail network in the years to come, and the Labour party remains committed to addressing both overcrowding and capacity issues on the network. However, where a Government makes future investment in the rail network is clearly important and tough decisions have to be made about the future priorities of the network.

As the report also clearly identified, investment decisions will have a huge impact on regional growth, and those decisions can help to perpetuate a vicious cycle of increasing disparity of wealth between regions. They will be all the more important in light of the abolition of the regional development agencies, which was referred to by both my hon. Friend the Member for Liverpool, Riverside and the hon. Member for Blackpool North and Cleveleys (Paul Maynard). I myself represent a constituency in the north-west of England, so it is frustrating for me to see how rail congestion is having a real economic impact in areas such as Manchester and in the wider north-west, with knock-on effects on jobs and prosperity for my constituents and others.

The report rightly identified the northern hub as the key to improving rail services across the north of England. As we have already heard, it is an ambition of the northern hub project to increase train services in the north, including to cities such as Newcastle, Liverpool, Manchester, Leeds and Sheffield, by 40% during the next 20 years. That means 700 more trains a day, making it possible for 3.5 million more passengers to travel by train every year. The estimated wider economic impact of the project is also significant, with the creation of 23,000 new jobs and a return of £4 for every £1 that is spent. Of course, it has been frustrating for the northern hub project that there are no firm commitments about when work on that worthwhile and economically beneficial project will start. I want to take this opportunity to ask the Minister if she envisages that the project will be in the next Network Rail control period.

The report also examined the benefits of electrification, both for the environment and for improving the efficiency of our rail network. As we know, a number of regional schemes were announced by the previous Labour Government, and many of them were reconfirmed by the current Government through the comprehensive spending review. As yet, we are still awaiting a final decision on whether or not the Great Western main line electrification will extend all the way to Wales. People in Wales will feel pretty upset if that decision is delayed unduly, especially when the Conservative party manifesto itself said:

"We support...the electrification of the Great Western line to South Wales."

I am not sure whether there were any Welsh MPs in the room during the coalition negotiations, because that commitment was subsequently downgraded to a general statement of support for

"further electrification of the rail network."

It is crucial that the economic benefits of electrification extend to south Wales, and by that I mean that electrification should extend not only to Cardiff but Swansea.

Similarly, we wait with bated breath to see whether the newly electrified lines in the north-west, when they are eventually upgraded, will actually have electrified trains running on them from day one. Rightly there is a concern that, with delays to Thameslink, the carriage cascade to the north-west will be delayed. After all the internal investment to electrify the north-west part of the network, it would be a travesty if the old, overcrowded and slower diesel units continue to be used on the newly electrified lines.

I would warmly welcome any updates on these issues that the Minister can give us today. Can she let me know when there will be a decision on electrification to Wales? Likewise, can she outline the time scales that are in place for the replacement of Thameslink rolling stock and for cascading trains to the Great Western main line and the north-west?

The Transport Committee report also identified the importance of having new rolling stock on the network. Clearly, the delaying and reprofiling of some major schemes that had been announced by Labour is disappointing, especially as train fares were hiked up last month, but new carriages remain some years away for some commuters.

It is a similar story regarding the delivery of replacement stock for the outdated inter-city fleet. Clearly, the Government have delayed their decision on the inter-city express programme, with all the knock-on effects for cascading rolling stock. It is time that the Government ended the delays and allowed that project to proceed.

Mrs Villiers: I will not take any lectures from the hon. Gentleman—a Labour MP—about the IEP, given that his Government made little progress on it and spent £26 million on merely trying to procure the new trains.

Andrew Gwynne: I would welcome an update from the Minister about where that infrastructure project has got to and when we can expect to see new inter-city trains.

After rail fares increased last month by RPI plus 1%, as we have already heard, it is disappointing for commuters that the Secretary of State keeps claiming that fare increases across the CSR period will be only 10%. Is not the truth that RPI plus 3% will deliver a cumulative increase of more than 30% on the inflation forecasts by the Office for Budget Responsibility?

The Minister's Department confirmed to me—it seems that it has also confirmed this to my hon. Friend the Member for Luton South (Gavin Shuker) in an answer to a written question—that it expects the effect of those rises to be rail passengers opting for other forms of transport. There is a concern, which the Minister used to share, that higher fares will price people off trains. That concern exists despite what the hon. Member for Cheltenham (Martin Horwood) has said. In turn, pricing people off trains will reduce people's access to work and force them back on to the roads, generating more congestion, increasing carbon emissions and setting back our goal of achieving a sustainable transport system.

Briefly, I want to talk about high-speed rail, which was also mentioned in the Transport Committee's report. As I have said in response to an intervention by the

Minister, the Labour transport review will look at all areas of policy in detail, including high-speed rail. Clearly it is right that we should look in detail at the best way of delivering faster journey times between our core cities while increasing capacity.

The connectivity gains of high-speed rail arise not only from faster trains but from the new route alignments that comprise the proposed Y-shaped network of lines from London to Birmingham and—eventually—north to Manchester, Leeds and beyond. However, I have a real concern about the Government's commitment to taking the planned high-speed line to the north. They have decided not to use the forthcoming high-speed legislation to secure the legal powers that would be needed to take the line beyond Birmingham, as Labour had planned to do. We will support the Government in taking the line beyond Birmingham, if that is what they choose to do. Perhaps the Minister can provide us with assurances that the Government will look again at seeking powers to extend the route beyond Birmingham.

It is also worth briefly mentioning freight on the rail network, which was an issue referred to both in the Transport Committee's report and by my hon. Friend the Member for Luton North (Kelvin Hopkins). Freight operations play a big part in the economy, and we should look at ways of ensuring that freight capacity can continue to play a role in the rail network. Will the Minister outline how she sees rail freight being prioritised, especially with an eye on possible structural changes to Network Rail in the coming years? Indeed, is rail freight still a Government priority?

That brings me on to the McNulty review on value for money, which will have a real bearing on the future functioning of the rail network. I welcome that review of the rail industry, which was started by Labour when we were in government. When Sir Roy McNulty publishes his final report in April, we will consider any sensible proposals that would take costs out of the industry without reducing the quality of services for passengers. Does the Minister agree that, as the cost to the Government of running the railways comes down, the cost to the public of travelling by train should come down as well? Such a reduction would go some way towards helping hard-pressed commuters up and down the country, who are facing record fare rises of more than 30% in the next few years. The initial findings of the McNulty review have suggested that savings of £1 billion can be found without cutting services. Will the Minister now commit to sharing the benefits of those savings with passengers and to rethinking some of the fare rises that are due in future years?

In conclusion, as the Transport Committee report shows, the Government need a long-term vision for rail, and we need to deliver projects to build on our ambition to have a world-class rail service in this country. Where we agree with the Government, we will support them. The previous Labour Government left the rail network in a far better condition than the one in which we found it. Rail passenger numbers increased by 40% during the last decade, punctuality and quality of service also improved steadily in that time and consumer satisfaction with services increased. However, I recognise that there is still a huge amount to do, and this Transport Committee report is a good starting point for that future work.

5.19 pm

The Minister of State, Department for Transport (Mrs Theresa Villiers): It is a pleasure to serve under your chairmanship, Mr Owen, and I, like everyone else, congratulate the Chairman of the Select Committee, the hon. Member for Liverpool, Riverside (Mrs Ellman), on securing this debate on such an important issue.

It has been a good debate, and we have at times been in danger of breaking out into a bit of cross-party consensus, which is extremely unusual on rail. It has been enlivened by references to Trotskyism and Leninism—the first time I have seen such elements enter into a debate on the railways. Everyone has recognised the crucial importance of our transport networks in general, and our rail network in particular, to our future economic prosperity, and to our ambition both to address environmental concerns, including those about climate change, and to deal with congestion on our roads by providing a viable alternative to the lorry and the car.

The coalition has pledged to cut the deficit and also recognises that securing growth is vital, which is why in the comprehensive spending review the Chancellor placed a priority on transport spending. As many Members, particularly the hon. Member for Luton South (Gavin Shuker), have acknowledged, transport projects can generate wider economic benefits many times their cost. I very much welcome the generous acknowledgement by my predecessor as rail Minister, the hon. Member for Glasgow South (Mr Harris), that the anxiety about a Conservative Government slashing spending on the railways has not materialised. Rail emerged from the spending review in a far stronger position than most people had expected, and that was acknowledged also by my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard).

We have had to take a difficult decision on fares and I, of course, wish that that could have been avoided, but without the three years of RPI plus 3 increases, we simply would not be able to deliver the vital capacity improvements that passengers need. To make the sums add up, we had no choice but to ask passengers to pay more, but we are absolutely confident that passenger numbers will continue to grow. I was surprised that the Select Committee Chairman asked whether we were committed to new capacity and whether we expected growth to continue, because we are embarking on one of the most ambitious extra-capacity programmes in the history of the railways. That demonstrates our confidence that passenger numbers will grow, and our commitment to relieving overcrowding, which, as she rightly highlights, is a major concern.

Mrs. Ellman: Do the right hon. Lady's statements mean that she gives a categorical commitment to delivering the rolling stock as promised, and will she include in the conditions of future franchises a requirement to look at the health and safety implications of overcrowding?

Mrs Villiers: I will, in a moment, outline the Government's commitments on extra rolling stock. Health and safety is a matter for the Office of Rail Regulation, which takes on board all such factors in its decisions on safety in the rail industry. There has been a significant improvement in safety on our railways over recent years, and we need to pay tribute to the fact that they are one of the safest forms of transport.

[Mrs Villiers]

In response to the hon. Member for Glasgow South, we do not at the moment have any plans to reintroduce the flat cap. Affordability is the concern, but we will keep the matter under review, and see if it becomes more affordable in the future.

The improvements that we have promised are extensive, and over the next four years the Government propose to invest £30 billion in transport, £14 billion of which will support capital maintenance and investment in our railways. Major projects that we are funding include high-speed rail, Crossrail, Thameslink, Birmingham New Street and the tube upgrades. In answer to the question that the hon. Member for Liverpool, Riverside asked about carriages, we expect there to be about 2,100 new carriages on the rail network by 2019, of which about 1,850 will be additional capacity, and I shall go into a little more detail on carriages in a minute.

Kelvin Hopkins: Will the right hon. Lady look into the fact that more than 100 mark 3 carriages could be available immediately? We would only need to have new bogies to cope with the gauge difference with Ireland. The Irish need the money, I think.

Mrs Villiers: It is open to the train operators to lease additional capacity if they so wish, and they may well be interested in exploring the option that the hon. Gentleman outlines.

Substantial work is under way on the strategic freight network, and I have repeatedly paid tribute to the work done on that by the previous Administration. I emphasise that rail freight plays a really significant part in our strategy for reducing carbon emissions and relieving congestion, and that is why the coalition has prioritised investment in projects such as the Felixstowe-Nuneaton gauge clearance.

The hon. Gentleman would like to see a dedicated freight line. I know his enthusiasm for that project and am always happy to engage with him on it, but the freight industry as a whole prioritises the projects in the strategic freight network, rather than a dedicated line. If the hon. Gentleman can make the case for going ahead with something like that in the future, I and my colleagues will of course be prepared to listen.

On the regional balance, in making project funding decisions it is important to take account of the needs of different areas. Although the business case for rail investment in the south-east can often be stronger because of the sheer volumes of passengers, assessment of the business case is just one element in the decision-making process and we can, and do, have regard to other factors, including the appropriate balance of funding between different parts of the country. It is worth recognising that improvements in London and the south-east can yield benefits for the economy as a whole, but the north of England will benefit directly from a whole range of programmes that are under way, including faster journey times between Liverpool, Manchester and Leeds, additional carriages, electrification, station improvements and important upgrades on the east coast main line, as well as the extension of light rail in Manchester and Newcastle, and in the longer term the north will benefit massively from our high-speed rail plans. The tough decisions made in the spending review mean that we are able to provide more than £1.5 billion for local authority major schemes in the period up to 2014-15, and that is a larger amount than the average annual Department for Transport spend on such schemes over the past 10 years.

High-speed rail has been a big issue in the debate this afternoon, as ever. My hon. Friend the Member for South Northamptonshire (Andrea Leadsom) spoke with her usual passion and articulacy on her concerns about high-speed rail, and I welcome the input of all colleagues on this issue as it is one of the most important parts of the coalition's programme to improve our railways. Very soon we will start a major consultation on our strategy for a Y-shaped High Speed 2 network, and I can assure the shadow rail Minister, the hon. Member for Denton and Reddish (Andrew Gwynne), that we are committed to taking this railway to the north of England, in two delivery phases. Opponents of HS2 say that it will not have a big impact on the north-south divide, the important response to which is that they should look at the extensive support for the project in the north of England, and also at the rest of Europe, where cities such as Lille have been transformed as a result of the connectivity that can come with a high-speed link to a capital city.

Demand for travel between our cities is expected to increase significantly, and there is an industry consensus that the west coast route will be full to capacity within little more than a decade. My hon. Friend the Member for Blackpool North and Cleveleys indicated that there was some contention about passenger growth figures, but everyone accepts that there will be significant growth on the west coast main line.

Andrea Leadsom: Will my right hon. Friend give way?

Mrs Villiers: I am afraid that I really cannot. I do apologise.

We will face severe congestion and overcrowding on those routes in years to come, unless we act now to begin the process of delivering that capacity.

On the alternatives, upgrades of an existing line, even extensive ones, could deliver only half a new line's capacity benefit and would be more expensive. My hon. Friend the Member for South Northamptonshire asked whether 12-car trains would deliver the equivalent capacity: no, they absolutely would not. The hon. Member for Luton North asked whether new signalling would deliver it, and the answer is the same. We are already introducing new capacity on existing lines, and there comes a point at which incremental changes do not deliver the upgrade needed. Moreover, High Speed 2 will deliver the benefits of capacity released on the existing network, with major benefits for places such as Milton Keynes, Luton, Northampton and Peterborough, and also for freight operators.

I sincerely believe that careful mitigation can address many of the most serious local impacts, and I know that my hon. Friend will continue to fight hard for her constituents, who might be affected by the line. We welcome their involvement in the consultation process on which we are about to embark, to ensure that we get the right answers on high-speed rail and that we listen to the views of people affected by it.

After 20 years of discussion, Crossrail is finally going ahead. I hope that that answers those concerned that High Speed 2 will swallow up all the funding available

for rail. The hon. Gentleman complained that the Hitchin flyover might not go ahead as a result of the funding pressure on high-speed rail. It is under way, or will be shortly, as it is in an investment programme to which the Government have committed. We have confirmed that the Thameslink programme will proceed in full, despite anxiety that it might not. Some 1,200 new carriages will be delivered, almost doubling the number of north-south trains through the capital at peak times.

On the Derby factory and the procurement of the Thameslink trains, the hon. Member for Glasgow South tempted me to depart from the EU's procurement rules. I fear that I would find myself falling foul of the European Communities Act 1972 if I did, so I will not advocate failing to abide by our treaty obligations, but I can assure the House that bids from UK-based operators will be considered carefully and assessed fairly, objectively and equally.

The Government expect an additional 650 carriages in several of our major cities by 2014. We expect services to be strengthened into Leeds, Manchester, Sheffield, Liverpool, Newcastle, Birmingham, Bristol—to answer the concerns of the hon. Member for Chippenham (Duncan Hames)—London Paddington and London Waterloo. In addition, new Thameslink and Crossrail rolling stock will enable the redeployment of hundreds more existing electric carriages, strengthening the case for further electrification of our network. I hope that that responds to the concerns expressed about the quality of rolling stock in the north. The hon. Member for Bolton West (Julie Hilling) rightly raised concerns about the quality of that rolling stock and the notorious Pacer trains. We believe that our programme of new rolling stock will help address those concerns.

As the Chancellor confirmed in his Budget speech, lines between Liverpool, Manchester, Preston and Blackpool will be electrified. The redeployment of electric rolling stock to those routes will in turn free up hundreds of diesel units, which will be available for train operators to lease after 2015. In November, the Secretary of State announced that Network Rail will electrify routes on the Great Western main line from London to Didcot, Oxford and Newbury. We expect to make an announcement shortly on the further electrification of that line. We have decided to press ahead with plans to buy a new fleet of trains to replace most of the high-speed trains operating on the Great Western and east coast lines. We have narrowed down the options to two, and we hope to give the House more information in the near future.

The hon. Member for Luton South and others were concerned about stations. We are continuing with the £150 million national stations improvement programme and the £370 million access for all programme, including £2.3 million to be spent on a scheme at Luton.

Gavin Shuker: Will the Minister give way?

Mrs Villiers: I am afraid that I cannot. I have run out of time. Birmingham New Street will go ahead, hopefully delivering economic benefits of £2 billion. Improvements at Reading will address a long-standing bottleneck, benefiting people across the Great Western line.

The Chairman of the Select Committee and others are absolutely right to say that it is crucial to get better value for taxpayers' and passengers' funding of the railways. Reforming our railways and reducing their cost is essential. The Chairman of the Select Committee and the hon. Member for Cheltenham (Martin Horwood) rightly expressed concerns about the high cost of Network Rail compared with other operators in Europe. We recognise fully the concerns about rail fares. To answer the shadow Minister's question, we believe that we should share the benefits of the reduction in railway running costs that we expect the McNulty review to deliver. They will be shared between fare payers and taxpayers. We are also clear that any changes suggested by the McNulty review must protect freight operators' interests.

There is an important role for open access, as my hon. Friend the Member for Blackpool North and Cleveleys urged me to make clear, although open access is not necessarily his only hope of direct train services between Blackpool and London. No decisions have been made yet, but it is possible that that might form part of franchised operations.

We are working closely on the northern hub. I recognise that there is a lot of support for it. Dealing with the problems identified in the project would be of great benefit to the economy of the north of England. I cannot give any guarantees today, but it must be a strong candidate for funding in the next control period.

Hon. Members have supported a list of projects. On the Swindon-Kemble line, if there were any spare funding down the DFT's sofa, as the hon. Member for Cheltenham asked, I am sure that Swindon-Kemble would be a good candidate. However, he will appreciate that our rail budgets are fully committed. He made a good point about the improvements to resilience that the project would deliver. The hon. Member for Liverpool, Riverside mentioned the midland main line. There is a strong business case for it, but again, affordability is a concern. I am always happy to talk about Kirkstall Forge, and I look forward to the revised bid, which I believe will be made in September. It is a good scheme with significant benefits, and I hope that one day it will proceed. We will have to see whether it proves affordable, given our budget constraints.

I am grateful for the time allowed me to speak in this debate.

5.36 pm

Mrs Ellman: Thank you for chairing this important and interesting debate, Mr Owen. I thank the Minister for her response. I am pleased to see my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) acting so effectively in his new position. We have had a constructive debate, and I thank all hon. Members who have participated, including Select Committee members and others who find the issue important enough to have spent time and spoken here. The range of contributions underlines the importance of investment in our railways. Contributions have addressed the importance of investment in local stations, of local services and of developing capacity, whether in local, regional or high-speed rail services. I listened carefully to the Minister's response. She has given some assurances. The Select Committee will be following up the promises and commitments that she made, and will take up the various points raised by hon. Members.

The report that we have been debating was concluded a year ago, but it is significant how highly relevant many of its recommendations and the issues that it raised are

[Mrs Louise Ellman]

today. The Select Committee's work is enhanced by the involvement of many Members. I assure all hon. Members here that we will be pursuing all the points that they have raised in our questions to Ministers and others responsible for delivering our services, and in new inquiries. I thank everybody for their constructive participation.

John McDonnell (Hayes and Harlington) (Lab): I apologise for coming so late. We were engaged in debate in the main Chamber. When the McNulty report is published, I urge the Select Committee to consider it in detail and give us the opportunity for a further debate based on the Committee's consideration of the recommendations.

Mrs Ellman: I thank my hon. Friend for his comments. The Select Committee takes rail investment extremely seriously and will give the McNulty report full consideration in due course, along with the Government's White Paper on the future of rail. Value for money in our rail service is intrinsically linked to the structure of rail and is the best way to deliver an effective service in terms of passengers and freight.

Question put and agreed to.

5.39 pm

Sitting adjourned.